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**ROYAL SOCIETY of NEW ZEALAND**  
**Consolidated Financial Statements**  
**for the year ended 30 June 2018**

**Royal Society of New Zealand  
Contents  
for the year ended 30 June 2018**

	<b>Page</b>
<b>Directory</b>	<b>2</b>
<b>Councillors' report</b>	<b>3</b>
<b>Auditors' report</b>	<b>4-5</b>
<b>Statement of comprehensive revenue and expenses</b>	<b>6</b>
<b>Statements of changes in net assets</b>	<b>7</b>
<b>Statement of financial position</b>	<b>8</b>
<b>Cash flow statement</b>	<b>9</b>
<b>Notes to the Financial Statements</b>	
<b>Note 1</b> Reporting entity	<b>10</b>
<b>Note 2</b> Statement of compliance	<b>10</b>
<b>Note 3</b> Changes in accounting policy	<b>10</b>
<b>Note 4</b> Summary of accounting policies	<b>10 - 13</b>
<b>Note 5</b> Property, plant and equipment	<b>14</b>
<b>Note 6</b> Trade and other receivables	<b>14</b>
<b>Note 7</b> Investment Properties	<b>14</b>
<b>Note 8</b> Intangible assets	<b>15</b>
<b>Note 9</b> Cash and cash equivalents	<b>15</b>
<b>Note 10</b> Investments and other financial assets	<b>15</b>
<b>Note 11</b> Designated purpose reserves	<b>16</b>
<b>Note 12</b> Trade and other payables	<b>16</b>
<b>Note 13</b> Income in advance	<b>16</b>
<b>Note 14</b> Contestable funds	<b>17</b>
<b>Note 15</b> Deposits held on behalf of third parties	<b>17</b>
<b>Note 16</b> Commitments	<b>17</b>
<b>Note 17</b> Contingent liabilities	<b>17</b>
<b>Note 18</b> Events occurring after balance date	<b>17</b>
<b>Note 19</b> Income	<b>17</b>
<b>Note 20</b> Related parties	<b>18</b>
<b>Note 21</b> Key management personnel	<b>18</b>
<b>Note 22</b> Financial instrument classification	<b>18</b>

**Royal Society of New Zealand  
Directory  
for the year ended 30 June 2018**

**Society Council (as at 11 October 2018)\***

Professor Wendy Larner (President)  
Professor Richard Blaikie (Academy Chair)  
Associate Professor Jane Allison  
Dr Tony Conner  
Dr Liz Gordon  
Emeritus Professor Kenneth Strongman  
Professor Margaret Tennant  
Dr Moana Theodore  
Associate Professor Melinda Webber  
Dr 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 2018 is in Note 21, refer page 18.*

**Royal Society of New Zealand  
Councillors' report  
for the year ended 30 June 2018**

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 2018

The Councillors of the Society have authorised these financial statements presented on pages 6 - 18 for issue on 11 October 2018

For and on behalf of the Council



-----  
Wendy Larner  
President  
11-Oct-18



-----  
Richard Blaikie  
Councillor  
11-Oct-18

## Independent Auditor's Report

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**Grant Thornton New Zealand Audit Partnership**

L15, Grant Thornton House  
215 Lambton Quay  
P O Box 10712  
Wellington 6143

T +64 4 474 8500

F +64 4 474 8509

[www.grantthornton.co.nz](http://www.grantthornton.co.nz)

To the Society Council 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 "Parent") and its subsidiary Royal Society of New Zealand Endowment Fund Trust, trading as Royal Society of New Zealand (together the "Group") on pages 6 to 18 which comprise the consolidated statement of financial position as at 30 June 2018, and the consolidated statement of comprehensive revenue and expense, consolidated statement of changes in net assets and consolidated statement of cash flows 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 Parent and the Group as at 30 June 2018 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)). 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.

#### Other Matter

The financial report of the Parent and the Group for the year ended 30 June 2017 was audited by another auditor who expressed an unmodified opinion on those statements on 16 October 2017.

#### Councillors' Responsibilities for the Consolidated Financial Statements

The councillors are responsible on behalf of the Parent and 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/standards-for-assurance-practitioners/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

11 October 2018

**Royal Society of New Zealand**  
**Statement of comprehensive revenue and expenses**  
**for the year ended 30 June 2018**

	Notes	Consolidated		Parent	
		2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
<i>Revenue from non-exchange transactions</i>					
Government contract revenue	19	500	500	500	500
Donations		115	34	44	-
		<b>615</b>	<b>534</b>	<b>544</b>	<b>500</b>
<i>Revenue from exchange transactions</i>					
Society membership		253	245	253	245
Interest income		243	184	100	137
Government contract revenue	19	5,687	5,577	5,687	5,577
Rental of investment property		499	555	499	555
Other operating revenue		700	643	700	643
		<b>7,382</b>	<b>7,204</b>	<b>7,239</b>	<b>7,157</b>
<b>Total Revenue</b>		<b>7,997</b>	<b>7,738</b>	<b>7,783</b>	<b>7,657</b>
<i>Expenses</i>					
Audit expense		36	43	32	38
Depreciation and amortisation expense	5	334	204	334	204
Employee benefits expense		3,823	3,704	3,823	3,704
Grants		66	42	-	-
Transfer to Royal Society of New Zealand Endowment Fund Trust		-	-	2,500	-
Other expenses		3,374	3,365	3,374	3,365
<b>Total Expenses</b>		<b>7,633</b>	<b>7,358</b>	<b>10,063</b>	<b>7,311</b>
<b>Total surplus / (deficit) for year</b>		<b>364</b>	<b>380</b>	<b>(2,280)</b>	<b>346</b>
<b>Other comprehensive revenue and expense</b>					
Gain/(Loss) on revaluation of land and buildings	5	877	430	877	430
Gain/(Loss) on fair value of investment property	6	(198)	50	(198)	50
<b>Other comprehensive revenue and expense for the year</b>		<b>679</b>	<b>480</b>	<b>679</b>	<b>480</b>
<b>Total comprehensive revenue and expense for the year</b>		<b>1,043</b>	<b>860</b>	<b>(1,601)</b>	<b>826</b>
<b>Surplus / (deficit) attributable to:</b>					
Parent - Royal Society of New Zealand		(2,280)	346	(2,280)	346
Subsidiary - Royal Society Endowment Fund Trust		2,644	34	-	-
		<b>364</b>	<b>380</b>	<b>(2,280)</b>	<b>346</b>
<b>Total comprehensive revenue and expense attributable to:</b>					
Parent - Royal Society of New Zealand		(1,601)	826	(1,601)	826
Subsidiary - Royal Society Endowment Fund Trust		2,644	34	-	-
		<b>1,043</b>	<b>860</b>	<b>(1,601)</b>	<b>826</b>

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 2018**

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 2016		1,904	-	14,401	16,305
Surplus (deficit) for the year		-	-	860	860
Other comprehensive income		-	-	-	-
Total comprehensive income		-	-	860	860
Transfer to/(from) designated purpose reserve	11	28	-	(28)	-
<b>Closing equity 30 June 2017</b>		<b>1,932</b>	<b>-</b>	<b>15,233</b>	<b>17,165</b>
Surplus (deficit) for the year		-	-	364	364
Other comprehensive income		-	-	679	679
Total comprehensive income		-	-	1,043	1,043
Transfer to/(from) designated purpose reserve	11	2,627	-	(2,627)	-
<b>Closing equity 30 June 2018</b>		<b>4,559</b>	<b>-</b>	<b>13,649</b>	<b>18,208</b>

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 2016		235	-	14,410	14,645
Surplus (deficit) for the year		-	-	346	346
Other comprehensive income		-	-	480	480
Total comprehensive income		-	-	826	826
Transfer to/(from) designated purpose reserve		-	-	-	-
<b>Closing equity 30 June 2017</b>		<b>235</b>	<b>-</b>	<b>15,236</b>	<b>15,471</b>
Surplus (deficit) for the year		-	-	(2,280)	(2,280)
Other comprehensive income		-	-	679	679
Total comprehensive income		-	-	(1,601)	(1,601)
Transfer to/(from) designated purpose reserve	11	-	-	-	-
<b>Closing equity 30 June 2018</b>		<b>235</b>	<b>-</b>	<b>13,635</b>	<b>13,870</b>



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 2018**

	Notes	Group		Parent	
		2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	9	3,128	4,080	1,818	3,601
Receivables from exchange transactions	7	341	289	315	277
Investments and other financial assets	10	2,509	2,135	1,009	1,463
Prepayments		165	50	165	50
Inventories		11	20	11	20
<b>Total current assets</b>		<b>6,154</b>	<b>6,574</b>	<b>3,318</b>	<b>5,411</b>
<b>Non-current assets</b>					
Property, plant and equipment	5	8,637	7,837	8,637	7,837
Investment Properties	6	3,312	3,510	3,312	3,510
Investments and other financial assets	10	1,605	635	100	100
Intangible assets	8	102	260	102	260
<b>Total non-current assets</b>		<b>13,656</b>	<b>12,242</b>	<b>12,151</b>	<b>11,707</b>
<b>Total assets</b>		<b>19,810</b>	<b>18,816</b>	<b>15,469</b>	<b>17,118</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	12	959	949	956	945
Income in advance	13	643	702	643	702
		1,602	1,651	1,599	1,647
<b>Total Liabilities</b>		<b>1,602</b>	<b>1,651</b>	<b>1,599</b>	<b>1,647</b>
<b>Net assets</b>		<b>18,208</b>	<b>17,165</b>	<b>13,870</b>	<b>15,471</b>
<b>EQUITY</b>					
Retained earnings		13,649	15,233	13,635	15,236
Designated purpose reserve	11	4,559	1,932	235	235
		<b>18,208</b>	<b>17,165</b>	<b>13,870</b>	<b>15,471</b>

Signed for and on behalf of the Council who authorised these financial statements for issue on 11 October 2018

Wendy Larner  
President  
11-Oct-18

Richard Blaikie  
Councillor  
11-Oct-18

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 2018**

Notes	Consolidated		Parent	
	2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
<b>Cash flows from operating activities</b>				
<u>Receipts</u>				
Receipts from non-exchange transactions	615	534	544	500
Receipts from exchange transactions	6,597	7,155	6,597	7,153
Net GST Receipts	38	-	38	-
	<u>7,250</u>	<u>7,689</u>	<u>7,179</u>	<u>7,653</u>
<u>Payments</u>				
Payments to suppliers	(3,610)	(3,463)	(3,539)	(3,412)
Payments to employees	(3,823)	(3,696)	(3,823)	(3,696)
Transfer to Endowment Trust	-	-	(2,500)	-
	<u>(7,433)</u>	<u>(7,159)</u>	<u>(9,862)</u>	<u>(7,108)</u>
<b>Net cashflows from operating activities</b>	<b>(183)</b>	<b>530</b>	<b>(2,683)</b>	<b>545</b>
<b>Cash flows from investing activities</b>				
<u>Receipts</u>				
Interest received	223	180	96	141
Receipts from maturity of investments	1,107	1,950	714	1,681
Receipts from rental of investment properties	499	-	499	-
	<u>1,829</u>	<u>2,130</u>	<u>1,309</u>	<u>1,822</u>
<u>Payments</u>				
Purchase of property plant & equipment	(69)	(259)	(69)	(259)
Purchase of intangible assets	(30)	-	(30)	-
Purchase of investment properties	(50)	-	(50)	-
Purchase of long term investments	(2,449)	(611)	(260)	(76)
	<u>(2,598)</u>	<u>(870)</u>	<u>(409)</u>	<u>(335)</u>
<b>Net cashflows from investing activities</b>	<b>(769)</b>	<b>1,260</b>	<b>900</b>	<b>1,487</b>
<b>Net cashflows from financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net increase/(decrease) in cash and cash equivalents	(952)	1,790	(1,783)	2,032
Opening Cash and cash equivalents at 1 July	4,080	2,290	3,601	1,569
<b>Closing Cash and cash equivalents at 30 June</b>	<b>3,128</b>	<b>4,080</b>	<b>1,818</b>	<b>3,601</b>

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 2018**

**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 Trust (the Trust), (together the "Group"), are presented for the year ended 30 June 2018.

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 11 October 2018.

**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.

**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 2018 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	
		2018	2017
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.

**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 2018**

*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 15 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 2018**

**Note 5. Property, plant and equipment  
As at 30 June 2017**

	Consolidated and Parent						Net Book amount \$000's
	At Cost or valuation \$000's	Acquisitions (Transfers) (Disposals) \$000's	Revaluation Mvmts \$000's	Depreciation 2017 year \$000's	Closing Accum Depreciation \$000's		
Furniture & equipment	471	(46)	-	40	247	178	
Computer equipment	194	84	-	35	159	119	
Land & buildings	7,190	5	430	85	-	7,540	
	<b>7,854</b>	<b>43</b>	<b>430</b>	<b>160</b>	<b>406</b>	<b>7,837</b>	

As at 30 June 2018	Consolidated and Parent						Net Book amount \$000's
	At Cost or valuation \$000's	Acquisitions (Transfers) (Disposals) \$000's	Revaluation Mvmts \$000's	Depreciation 2018 year \$000's	Closing Accum Depreciation \$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	
	<b>8,243</b>	<b>69</b>	<b>877</b>	<b>146</b>	<b>488</b>	<b>8,637</b>	

The Group's freehold land and buildings are stated at their 30 June 2018 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**

	2018 \$000's		2017 \$000's	
	Consolidated	Parent	Consolidated	Parent
Land - Fair value opening balance	3,510	3,510	3,460	3,460
Valuation movements	(198)	(198)	50	50
Land - Fair value closing balance	<b>3,312</b>	<b>3,312</b>	<b>3,510</b>	<b>3,510</b>

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**

	2018 \$000's		2017 \$000's	
	Consolidated	Parent	Consolidated	Parent
Gross accounts receivable	341	315	289	277
Provision for accounts receivable	0	0	0	0
	<b>341</b>	<b>315</b>	<b>289</b>	<b>277</b>

**Royal Society of New Zealand  
Notes to the Financial Statements  
for the year ended 30 June 2018**

**Note 8. Intangible assets**

As at 30 June 2017

	At Cost or valuation	Acquisitions (Transfers)	Consolidated and Parent Revaluation Mvmts	Amortisation 2017 year	Closing Accum Amortisation	Net Book amount
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
MIR Database system (acquired externally)	115	170	-	25	25	260
	<b>115</b>	<b>170</b>	<b>-</b>	<b>25</b>	<b>25</b>	<b>260</b>

As at 30 June 2018

	At Cost or valuation	Acquisitions (Transfers)	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
	<b>285</b>	<b>30</b>	<b>-</b>	<b>188</b>	<b>213</b>	<b>102</b>

**Note 9. Cash and cash equivalents**

	2018 \$000's		2017 \$000's	
	Consolidated	Parent	Consolidated	Parent
Bank & Treasury call accounts	968	659	795	591
Term deposits less than or equal to 3 months	2,160	1,159	3,285	3,010
	<b>3,128</b>	<b>1,818</b>	<b>4,080</b>	<b>3,601</b>

In both the 2017 and 2018 years term deposits are held with the Bank of New Zealand and RaboDirect.

The Society has a \$525,000 facility by way of BNZ Business Visa. (2017: \$525,000).

**Note 10. Investments and other financial assets.**

	2018 \$000's		2017 \$000's	
	Consolidated	Parent	Consolidated	Parent
Term deposits greater than 3 months	2,509	1,009	2,135	1,463
NZ Bonds and Fixed Interest Investments	812	100	635	100
NZ Equity Investments	291	-	-	-
Overseas Equity Investments	502	-	-	-
	<b>4,114</b>	<b>1,109</b>	<b>2,770</b>	<b>1,563</b>

In both the 2017 and 2018 years 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 2018**

**Note 11. Designated purpose reserves**

<b>Consolidated 2017 Financial year</b>	<b>2016</b>	<b>Contributions</b>	<b>Disbursements</b>	<b>Balance 2017</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Designated Fund	970	21	-	991
Bates Memorial Scholarship	66	2	(12)	56
Hatherton Fund	39	1	(2)	38
Charles Fleming Fund	451	12	(17)	446
Manawatu Fund	13	-	-	13
Benson, Hutton & Mappin Funds	64	2	(11)	55
Skinner Fund	163	4	(3)	164
T K Sidey Summertime Fund	30	1	-	31
Hamilton Memorial Prize	31	1	(3)	29
Leonard Cockayne Memorial Lecture	77	2	0	79
Estate Raewyn Good	0	30	0	30
	<b>1,904</b>	<b>76</b>	<b>(48)</b>	<b>1,932</b>

<b>Parent 2017 Financial year</b>	<b>2016</b>	<b>Contributions</b>	<b>Disbursements</b>	<b>Balance 2017</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Designated Fund	235	-	-	235
	<b>235</b>	<b>-</b>	<b>-</b>	<b>235</b>

<b>Consolidated 2018 Financial year</b>	<b>2017</b>	<b>Contributions</b>	<b>Disbursements</b>	<b>Balance 2018</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
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	0	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
	<b>1,932</b>	<b>2,694</b>	<b>(67)</b>	<b>4,559</b>

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

**Note 12 Trade and other payables**

	<b>2018</b>		<b>2017</b>	
	<b>Consolidated</b>	<b>Parent</b>	<b>Consolidated</b>	<b>Parent</b>
	<b>\$000's</b>		<b>\$000's</b>	
<i>Current liabilities</i>				
Creditors	353	349	374	371
Employee entitlements	272	272	272	272
Other accruals	284	285	291	290
GST payable/(receivable)	50	50	12	12
	<b>959</b>	<b>956</b>	<b>949</b>	<b>945</b>

**Note 13 Income in advance**

	<b>2018</b>		<b>2017</b>	
	<b>Consolidated</b>	<b>Parent</b>	<b>Consolidated</b>	<b>Parent</b>
	<b>\$000's</b>		<b>\$000's</b>	
Journal income	117	117	79	79
Membership subscriptions	16	16	184	184
Other	510	510	439	439
	<b>643</b>	<b>643</b>	<b>702</b>	<b>702</b>

Membership subscriptions are usually paid 12 months in advance however as part of a transition period, fees invoiced Jan - March 2017 were for the 18 month period to 30 June 2018. As at 30 June 2017, the balance (\$184K) related to member's future entitlement to benefits. 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.

**Royal Society of New Zealand**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2018**

Note 14	Contestable funds	2018		2017	
		\$000's		\$000's	
		Consolidated	Parent	Consolidated	Parent
	Opening contestable funds	25,760	25,760	21,111	21,111
	Receipts	90,893	90,893	84,276	84,276
	Interest earned & accrued	878	878	242	242
	Payments	(85,911)	(85,911)	(79,869)	(79,869)
	Closing contestable funds	<b>31,620</b>	<b>31,620</b>	<b>25,760</b>	<b>25,760</b>

The group managed seven contestable funds on behalf of government in the year ended 30 June 2018. (2017: 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.

This note serves to highlight the significant funding administered by the Group. The Group received \$6.08m in administration fees from MBIE in the 2018 financial year. (2017 \$5.8m).

Note 15	Deposits held on behalf of third parties.	2018		2017	
		\$000's		\$000's	
		Consolidated	Parent	Consolidated	Parent
	Term deposits on behalf - Rutherford Foundation Trust	2,900	2,900	2,900	2,900
	Term deposits on behalf - James Hay	54	54	53	53
	Term deposits on behalf - Ecohydraulics	-	-	26	26
		<b>2,954</b>	<b>2,954</b>	<b>2,979</b>	<b>2,979</b>

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

Note 16	Commitments	2018		2017	
		\$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.	53	53	30	30
		<b>53</b>	<b>53</b>	<b>30</b>	<b>30</b>

**Note 17 Contingent Liabilities**  
In 2013 the Society entered into a contract with the European Union as lead contractor for a series of activities. This project was completed by 30 June 2016 with final reports being lodged by each of the 6 parties including financial reconciliations. Since the reports have been filed, the European Union has advised they will only pay a proportion of the final costs leaving a shortfall. Discussion with the European Union indicates a total liability of \$163K with the Society's portion being \$96K.

**Note 18 Events occurring after balance date**

There have been no significant events subsequent to balance date.

Note 19	Income	2018		2017	
		\$000's		\$000's	
		Consolidated	Parent	Consolidated	Parent
	<b>Non-exchange transactions</b>				
	Income from Government Contracts	500	500	500	500
	Donations	115	44	34	-
	<b>Exchange transactions</b>				
	Income from Government Contracts	5,687	5,687	5,577	5,577
	Other income	1,695	1,552	1,627	1,580
		<b>7,997</b>	<b>7,783</b>	<b>7,738</b>	<b>7,657</b>

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.

**Royal Society of New Zealand**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2018**

**Note 20 Related parties**

The Royal Society of New Zealand made a donation of \$2.5m during the 2018 year but no donations during the 2017 financial year. There were no other significant related parties transactions in either 2018 or 2017.

The Royal Society of New Zealand - Rutherford Foundation Trust is a Related Party as the Society holds a right to appoint trustees and during both the 2018 and 2017 financial years a Council member of the Society was also a Trustee of the Foundation. During 2018, the Foundation paid \$30,000 administration and management fees (2017: \$30,000) to the Society for financial accounting and secretariat services. A receivable amount of \$8,625 (2017: \$7,500) was outstanding at the reporting date in respect of this transaction.

**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 Office was vacant and therefore the salary included represents 90% (2017: 100%) of the annual amount (being the period the position was occupied during the 2017-18 year). The aggregate remuneration of key management personnel and the number of individuals, determined on a full-time equivalent basis, receiving remuneration is as follows:

	2018		2017	
	\$000's		\$000's	
	Consolidated	Parent	Consolidated	Parent
Total remuneration	1,215	1,215	1,261	1,261
Number of persons	6.9	6.9	7	7

The **12 members** of the governing body (**the Council**) as at **30 June 2018** were: Professor Richard Bedford (President), Professor Wendy Larner (President-elect), Dr Jane Allison, Professor Richard Blaikie, Dr Liz Gordon, Associate Professor Tahu Kukutai, Professor Dame Anne Salmond, Professor Caroline Saunders, Professor Barry Scott, Emeritus Professor Ken Strongman, Professor Margaret Tennant, Dr Siouxsie Wiles.

**Note 22 Financial Instrument Classification**

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

**Consolidated**

	Other liabilities		Total
	Loans and receivables	at amortised cost	
	\$000's	\$000's	\$000's
<b>As at 30 June 2017</b>			
Cash and cash equivalents	4,080	-	4,080
Trade and other receivables	289	-	289
Investments	2,135	-	2,135
Trade and other payables	-	(949)	(949)
	<b>6,504</b>	<b>(949)</b>	<b>5,555</b>
<b>As at 30 June 2018</b>			
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)
	<b>7,583</b>	<b>(959)</b>	<b>6,624</b>

**Parent**

	Other liabilities		Total
	Loans and receivables	at amortised cost	
	\$000's	\$000's	\$000's
<b>As at 30 June 2017</b>			
Cash and cash equivalents	3,601	-	3,601
Trade and other receivables	277	-	277
Investments	1,463	-	1,463
Trade and other payables	-	(945)	(945)
	<b>5,341</b>	<b>(945)</b>	<b>4,396</b>
<b>As at 30 June 2018</b>			
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)
	<b>3,242</b>	<b>(956)</b>	<b>2,286</b>