



**Audit New Zealand**

AUDIT AND ASSURANCE SERVICES

## **REPORT OF THE AUDIT OFFICE**

### **TO THE READERS OF THE FINANCIAL STATEMENTS OF THE ROYAL SOCIETY OF NEW ZEALAND FOR THE YEAR ENDED 31 DECEMBER 2000**

We have audited the financial statements on pages 62 to 76. The financial statements provide information about the past financial performance of the Royal Society of New Zealand and its financial position as at 31 December 2000. This information is stated in accordance with the accounting policies set out on pages 67 to 69.

#### **Responsibilities of the Council**

The Royal Society of New Zealand Act 1997 requires the Council to prepare financial statements in accordance with generally accepted accounting practice which fairly reflect the financial position of the Royal Society of New Zealand as at 31 December 2000 and the results of its operations and cash flows for the year ended 31 December 2000.

#### **Auditor's responsibilities**

It is the responsibility of the Audit Office to express an independent opinion on the financial statements and report its opinion to you.

The Controller and Auditor-General has appointed Stephen Lewis, of Audit New Zealand, to undertake the audit.

#### **Basis of opinion**

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Council in the preparation of the financial statements; *and*
- whether the accounting policies are appropriate to the Royal Society of New Zealand's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards, including the Auditing Standards issued by the Institute of Chartered Accountants of New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of the information in the financial statements.

Other than in our capacity as auditor acting on behalf of the Controller and Auditor-General, we have no relationship with or interests in the Royal Society of New Zealand.

## **Unqualified opinion**

We have obtained all the information and explanations we have required.

In our opinion the financial statements of the Royal Society of New Zealand on pages 62 to 76:

- comply with generally accepted accounting practice; *and*
- fairly reflect:
  - the financial position as at 31 December 2000; *and*
  - the results of its operations and cash flows for the year ended on that date.

Our audit was completed on 27 April 2001 and our unqualified opinion is expressed as at that date.

A handwritten signature in black ink, appearing to read 'Stephen Lewis', with a large loop at the end.

Stephen Lewis

Audit New Zealand

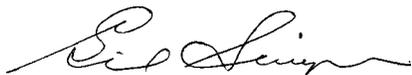
On behalf of the Controller and Auditor-General

Wellington, New Zealand

**THE ROYAL SOCIETY OF NEW ZEALAND  
STATEMENT OF RESPONSIBILITY  
FOR THE YEAR ENDED 31 DECEMBER 2000**

The financial statements in our opinion fairly reflect the financial position and operations of the Royal Society of New Zealand for the year ended 31 December 2000.

Management is responsible for the judgements used in the preparation of the financial statements, and for establishing and maintaining the system of internal control that provides reasonable assurances as to the integrity and reliability of financial reporting.



**Sir Gil Simpson**

**President**

**26 April 2001**



**Dr Steve Thompson**

**Chief Executive Officer**

**26 April 2001**

**THE ROYAL SOCIETY OF NEW ZEALAND  
STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 31 DECEMBER 2000**

	Note	2000	1999
		\$	\$
<b>INCOME</b>			
Crown Purchase Agreements	3	2,461,501	1,781,942
Other	4	2,275,712	2,134,460
Exchange Gains		5,079	2,427
Interest		57,330	25,244
		<u>4,799,622</u>	<u>3,944,073</u>
Designated Funds	5	32,007	20,202
<b>TOTAL INCOME</b>		<u>4,831,629</u>	<u>3,964,275</u>
<b>EXPENDITURE</b>			
Audit Fees		27,000	27,000
Bad Debts		1,473	0
Depreciation	6	108,221	100,717
Operating		2,253,859	2,083,150
Personnel		2,017,407	1,644,555
Professional Fees		16,812	3,897
		<u>4,424,772</u>	<u>3,859,319</u>
Designated Funds	5	28,322	21,209
<b>TOTAL EXPENDITURE</b>		<u>4,453,094</u>	<u>3,880,528</u>
<b>TOTAL NET SURPLUS INCOME (DEFICIT)</b>		<u>378,535</u>	<u>83,747</u>
<b>ATTRIBUTABLE TO DESIGNATED FUNDS</b>		3,685	(1,007)
<b>ATTRIBUTABLE TO GENERAL FUNDS</b>		374,850	84,754

The Notes and Statement of Accounting Policies form an integral part of these Financial Statements.

**THE ROYAL SOCIETY OF NEW ZEALAND  
STATEMENT OF MOVEMENTS IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2000**

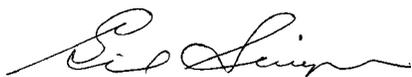
	Note	2000	1999
		\$	\$
<b>EQUITY AS AT 1 JANUARY</b>		3,789,695	3,705,948
Revaluation of Land and Buildings	11	369,356	0
Net Surplus (Deficit) for the year		378,535	83,747
Total Recognised Revenue and Expenses for the year		<u>747,891</u>	<u>83,747</u>
<b>EQUITY AS AT 31 DECEMBER</b>		<u>4,537,586</u>	<u>3,789,695</u>
<b>ATTRIBUTABLE TO DESIGNATED FUNDS</b>		781,729	528,044
<b>ATTRIBUTABLE TO GENERAL FUNDS</b>		3,755,857	3,261,651

The Notes and Statement of Accounting Policies form an integral part of these Financial Statements.

**THE ROYAL SOCIETY OF NEW ZEALAND  
STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2000**

	Note	2000 \$	1999 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash & Bank		34,084	63,310
Short Term Investments		1,244,992	707,908
Accounts Receivable	7	189,966	341,201
Payments in Advance		27,742	44,632
Publications Stock		5,000	5,000
Medals Stock		32,568	0
Work in Progress		0	10,176
<b>TOTAL CURRENT ASSETS</b>		<u>1,534,352</u>	<u>1,172,227</u>
<b>DESIGNATED FUND INVESTMENTS</b>		<u>535,808</u>	<u>329,137</u>
<b>NON CURRENT ASSETS</b>			
Fixed Assets	8	3,529,302	3,156,744
<b>TOTAL NON CURRENT ASSETS</b>		<u>3,529,302</u>	<u>3,156,744</u>
<b>TOTAL ASSETS</b>		<u>5,599,462</u>	<u>4,658,108</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts Payable		521,825	508,201
Income in Advance	9	380,693	234,517
Employee Entitlements		159,358	125,695
<b>TOTAL CURRENT LIABILITIES</b>		<u>1,061,876</u>	<u>868,413</u>
<b>NET ASSETS</b>		<u>4,537,586</u>	<u>3,789,695</u>
<b>ACCUMULATED &amp; DESIGNATED PURPOSE FUNDS</b>			
Accumulated Funds	10	1,411,477	1,286,627
Asset Revaluation Reserve	11	2,344,380	1,975,024
<b>TOTAL ACCUMULATED FUNDS &amp; RESERVES</b>		<u>3,755,857</u>	<u>3,261,651</u>
Designated Funds	5	781,729	528,044
<b>TOTAL ACCUMULATED &amp; DESIGNATED PURPOSE FUNDS</b>		<u>4,537,586</u>	<u>3,789,695</u>

The Notes and Statement of Accounting Policies form an integral part of these Financial Statements.



**Sir Gil Simpson**  
President  
26 April 2001



**Dr Steve Thompson**  
Chief Executive Officer  
26 April 2001

**THE ROYAL SOCIETY OF NEW ZEALAND  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2000**

	Note	2000	1999
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash was provided from:</b>			
Receipts from Operations		5,044,800	4,003,467
Designated Funds		32,007	20,202
Interest Received from Investments		57,330	25,244
		<u>5,134,137</u>	<u>4,048,913</u>
<b>Cash was disbursed to:</b>			
Operations		4,266,990	3,733,452
Designated Funds		28,322	21,209
		<u>4,295,312</u>	<u>3,754,661</u>
<b>Net Cash Flows from Operating Activities</b>	12	<u>838,825</u>	<u>294,252</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Cash was provided from:</b>			
Sale of Fixed Assets		0	17,005
Designated Funds Investments		0	703
		<u>0</u>	<u>17,708</u>
<b>Cash was disbursed to:</b>			
Purchase of Fixed Assets		129,375	40,450
Investments		537,084	263,371
Designated Funds Investments		206,671	0
		<u>873,130</u>	<u>303,821</u>
<b>Net Cash Flows from Investing Activities</b>		<u>(873,130)</u>	<u>(286,113)</u>
<b>Net Increase (Decrease) in Cash Held</b>		(34,305)	8,139
Exchange Rate Gain (Net) on Foreign Currency Balance		5,079	2,427
Add Opening Cash Brought Forward		<u>63,310</u>	<u>52,744</u>
<b>Ending Cash Carried Forward</b>		<u>34,084</u>	<u>63,310</u>

The Notes and Statement of Accounting Policies form an integral part of these Financial Statements

**THE ROYAL SOCIETY OF NEW ZEALAND  
STATEMENT OF AGENCY FUNDS  
FOR THE YEAR ENDED 31 DECEMBER 2000**

	Note	Total	Marsden Fund	ISAT Linkages	Promotion Contestable	Teacher Fellowships	CJC Fellowships
<b>AGENCY FUNDS AS AT 1 JANUARY 2000</b>		\$	\$	\$	\$	\$	\$
		10,526,258	10,185,769	63,123	106,539	98,819	72,008
<b>INCOME</b>							
Grants		28,763,000	24,321,000	325,000	400,000	2,997,000	720,000
Interest		256,464	205,678	3,609	3,765	42,815	597
<b>TOTAL INCOME</b>		<u>29,019,464</u>	<u>24,526,678</u>	<u>328,609</u>	<u>403,765</u>	<u>3,039,815</u>	<u>720,597</u>
<b>EXPENDITURE</b>							
Grants		30,781,530	27,414,359	296,335	465,365	1,891,068	714,403
Promotion		96,988	0	0	0	96,988	0
Sundry		822	437	3	7	329	46
<b>TOTAL EXPENDITURE</b>		<u>30,879,340</u>	<u>27,414,796</u>	<u>296,338</u>	<u>465,372</u>	<u>1,988,385</u>	<u>714,449</u>
<b>AGENCY FUNDS AS AT 31 DECEMBER 2000</b>	13	<u>8,666,382</u>	<u>7,297,651</u>	<u>95,394</u>	<u>44,932</u>	<u>1,150,249</u>	<u>78,156</u>

The Notes and Statement of Accounting Policies form an integral part of these Financial Statements.

**THE ROYAL SOCIETY OF NEW ZEALAND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2000**

**NOTE 1: PRINCIPAL ACTIVITY**

The Royal Society of New Zealand is an independent statutory body incorporating the national academy of science and technology, and a constituency of scientific and technological societies, regional societies, Fellows and individual members. The Society includes the fundamental, applied and human dimensions of the biological, earth, engineering, mathematical, medical, physical, social and technological sciences.

The Society is charged with the statutory responsibility to foster a culture supportive of science and technology and it provides considered, expert advice on important public issues to the government and the community. The Society advances and promotes science and technology in New Zealand, recognises excellence in research, establishes ethical standards, encourages science and technology education, publishes scientific journals and education resources and encourages professional development through research grants and fellowships. Established in 1867 as The New Zealand Institute, the Society is incorporated under the Royal Society of New Zealand Act 1997.

**Statutory Base**

The financial statements are prepared in accordance with section 36 and schedule 10 of the Royal Society of New Zealand Act 1997. The statement of financial position, financial performance, movement in accumulated funds and cash flows have been prepared as at and for the year ended 31 December 2000.

**NOTE 2: STATEMENT OF ACCOUNTING POLICIES**

**(i) GENERAL ACCOUNTING POLICIES**

The measurement base adopted is that of historical cost, varied by the revaluation of certain assets.

For the basis on which the Society accounts for Agency Funds and Donations (refer Note 2(ii) (b) and (d)) below.

**(ii) PARTICULAR ACCOUNTING POLICIES**

The following is a summary of the significant accounting policies adopted by the Society in the preparation of the accounts:

**(a) Revenue Recognition**

The Society derives revenue from the provision of outputs through Crown Purchase Agreements, for services to other parties and interest on deposits with the Bank of New Zealand. Such revenue is recognised when earned and is reported in the financial period to which it relates.

**(b) Agency Funds**

The Society has a number of Agency Funds which it administers. Transactions affecting these Funds have been recorded in the Statement of Agency Funds on a cash basis. These Agency Funds are not recorded in the Statement of Financial Performance, Statement of Financial Position or Statement of Cashflows.

### **(c) Designated Funds**

The Society has a number of Designated Funds. These are Funds that the Society has set aside for specific purposes. Transactions affecting these Funds are recorded both in the Income and Expenditure Statement and in Note 5.

### **(d) Donations**

The Society accounts for Donations to General and Designated Funds when cash is received net of any fundraising costs. The Society accepts no responsibility for the funds so donated until they are received.

### **(e) Income Tax**

The Society is exempt from Income Tax pursuant to section 36 and schedule 11 of the Royal Society of New Zealand Act 1997.

### **(f) Accounts Receivable**

Accounts Receivable are stated at their estimated net realisable value, after providing for doubtful and uncollectable debts.

### **(g) Publications Stock**

Publications stock is represented primarily by remainder items and is valued at a nominal value.

### **(h) Medals Stock**

The Society Medals and the NZ Science & Technology Medals on hand at year end are recorded at cost.

### **(i) Investments**

Investments are valued at cost. This is considered to be their fair value.

### **(j) Employee Entitlements**

Provision has been made in respect of the Society's liability for annual leave, long service leave and retirement leave at balance date. This leave has been accrued for on an entitlement basis i.e. provision is made once staff are entitled to the benefit of such leave.

### **(k) Fixed Assets**

Land and Buildings are stated at net current values as valued by an independent registered valuer, Graeme R MacLeod, of Telfer Young (Wellington) Ltd, on 15 December 2000, less depreciation since date of valuation. Revaluations are to take place every three years.

Upward revaluations of land and buildings are credited to the appropriate asset revaluation reserve.

Downward revaluations of these assets are debited to the appropriate asset revaluation reserve. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the statement of financial performance.

Furniture, Computers, Office Equipment and Motor Vehicles are shown at cost less depreciation.

### **(l) Depreciation**

Depreciation of fixed assets, other than freehold land, is provided on a straight line basis so as to allocate the cost of the assets over their useful lives.

Revalued buildings are depreciated on their revalued amount on a straight line basis over their remaining useful lives.

The estimated economic useful lives are:

Buildings 40, 30 and 25 years

Furniture 10 years

Computer (pre 1999) & Office Equipment 5 years

Computer Equipment (since 1 January 1999) 3 years

Motor Vehicles 5 years

### **(m) Foreign Currency**

US \$ transactions are converted at the month end exchange rate. The US \$ Bank Account and Accounts Receivable at 31 December 2000 are converted at the Bank of New Zealand TT Buying rates on 31 December 2000. The resulting unrealised exchange gain or loss is recognised in the Statement of Financial Performance. Other exchange gains or losses, whether realised or unrealised, are recognised in the Statement of Financial Performance in the period to which they relate.

### **(n) Historical Memorabilia, Library and Portraits**

No value is included in the financial statements for the Society's historical memorabilia, library or portraits. Any expenditure on these items is written off as incurred.

### **(o) Computer Databases**

No value is included in the financial statements for computer databases held by the Society.

### **(p) Financial Instruments**

The Society is a party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short term investments, accounts receivable and accounts payable. Revenue and expenses in relation to financial instruments are recognised in the statement of financial performance. Bank accounts, short term investments, accounts receivable and accounts payable are recognised in the financial statements at their fair value.

### **(q) Goods and Services Tax (GST)**

The Statement of Financial Performance and Statement of Cash Flows are exclusive of GST. The Statement of Financial Position is also exclusive of GST except for Payables and Receivables which are GST inclusive. All other statements are GST inclusive. The amount of GST owing to the Inland Revenue Department at balance date, being the difference between Output GST and Input GST, is included in Payables.

### **(iii) CHANGES IN ACCOUNTING POLICIES**

There have been no changes in accounting policies since the date of the last audited financial statements.

### NOTE 3: CROWN PURCHASE AGREEMENTS INCOME

The Society contracts with the Minister of Research, Science and Technology for the provision of services relating to science and technology including contract management of Agency Funds, publications, promotion, international memberships and related activities.

All other non recurring contracts with the Crown are included as other income.

### NOTE 4: OTHER INCOME

	2000	1999
Publication Sales	658,392	594,742
Consulting	76,866	24,517
Grants, Sponsorship, Conference, Management Fees	1,001,036	987,268
Property	185,880	159,487
Society Membership	136,792	134,656
Other	<u>216,746</u>	<u>233,790</u>
	<u>2,275,712</u>	<u>2,134,460</u>

### NOTE 5: DESIGNATED FUNDS

	Balance	Income	Expenditure	Transfer	Balance
	1 Jan 00				31 Dec 00
Royal Society Foundation	380,568	20,409	14,046	250,000	636,931
Bates Memorial Scholarship	72,069	4,156	5,779	0	70,446
Academy Fund	35,693	5,201	1,379	0	39,515
Presidents Fund	11,111	678	138	0	11,651
Thomson Biographic Fund	<u>28,603</u>	<u>1,563</u>	<u>6,980</u>	<u>0</u>	<u>23,186</u>
Total	<u>528,044</u>	<u>32,007</u>	<u>28,322</u>	<u>250,000</u>	<u>781,729</u>

The Society has a number of designated funds. These funds are set aside for various purposes.

The Royal Society Foundation fund has been added to by way of a transfer from accumulated funds of \$250,000 at 31 December 2000. This fund balance, together with ongoing fundraising will enable the Society to provide for existing Society awards from the interest accumulating on this fund, rather than from the operating income of the Society.

A physical transfer of the \$250,000 was made to a separate bank account in the year 2001.

Funds are held in separate bank or investment accounts with respect to all other designated funds held at year end. Interest has been calculated at bank deposit rates of the monthly balance held and has been credited to the fund balance.

Maturity Date	2000		1999	
	Amount	Interest Rate	Amount	Interest Rate
At Call	4,027	0.50%	118	0.50%
At Call	531,781	6.40%	933	1.00%
At Call			328,085	4.90%

**NOTE 6: DEPRECIATION**

	2000	1999
Buildings	29,791	29,791
Furniture, Office Equipment & Vehicle	78,430	70,926
	<u>108,221</u>	<u>100,717</u>

**NOTE 7: ACCOUNTS RECEIVABLE**

	2000	1999
Gross Accounts Receivable	191,766	343,701
Less Provision for Doubtful Debts	<u>(1,800)</u>	<u>(2,500)</u>
Net Accounts Receivable	<u>189,966</u>	<u>341,201</u>

**NOTE 8: FIXED ASSETS**

	2000	1999
<b>Freehold Land</b>		
At cost	0	0
At valuation	<u>2,318,720</u>	<u>2,107,610</u>
Land – net book value	<u>2,318,720</u>	<u>2,107,610</u>
<b>Buildings</b>		
At cost	0	0
At valuation	996,780	930,390
Accumulated depreciation	<u>0</u>	<u>(62,065)</u>
Buildings – net book value	<u>996,780</u>	<u>868,325</u>

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**NOTE 8: FIXED ASSETS** *continued*

	2000	1999
<b>Furniture &amp; Fittings</b>		
At cost	133,363	104,858
Accumulated depreciation	(71,627)	(65,060)
Furniture & fittings – net book value	<u>61,736</u>	<u>39,798</u>
<b>Office Equipment</b>		
At cost	169,496	136,172
Accumulated depreciation	(101,385)	(104,618)
Office equipment – net book value	<u>68,111</u>	<u>31,554</u>
<b>Computer Equipment</b>		
At cost	313,229	272,417
Accumulated depreciation	(229,274)	(181,297)
Computer equipment – net book value	<u>83,955</u>	<u>91,120</u>
<b>Motor Vehicles</b>		
At cost	0	36,674
Accumulated depreciation	0	(18,337)
Motor vehicles – net book value	<u>0</u>	<u>18,337</u>
<b>Total Fixed Assets</b>		
At cost & valuation	3,931,588	3,588,121
Accumulated depreciation	(402,286)	(431,377)
Total fixed assets – net book value	<u>3,529,302</u>	<u>3,156,744</u>

**NOTE 9: INCOME IN ADVANCE**

	2000	1999
Crown Purchase Agreements	172,055	75,778
Subscriptions – Publishing	127,399	90,833
Other	81,239	67,906
	<u>380,693</u>	<u>234,517</u>

**NOTE 10: ACCUMULATED FUNDS – GENERAL**

	<b>2000</b>	<b>1999</b>
Accumulated Funds at 1 January	1,286,627	1,401,873
Plus Surplus for the year ended 31 December	374,850	84,754
Transfer to Designated Funds (see note 5)	<u>(250,000)</u>	<u>(200,000)</u>
Accumulated Funds at 31 December	<u><u>1,411,477</u></u>	<u><u>1,286,627</u></u>

**NOTE 11: ASSET REVALUATION RESERVE**

	<b>2000</b>	<b>1999</b>
Asset Revaluation Reserve at 1 January	1,975,024	1,975,024
Revaluation during the year	<u>369,356</u>	<u>0</u>
Asset Revaluation Reserve at 31 December	<u><u>2,344,380</u></u>	<u><u>1,975,024</u></u>

**NOTE 12: STATEMENT OF CASH FLOWS**

(i) Cash comprises cash on hand and balances held with banks in New Zealand and overseas.

	<b>2000</b>	<b>1999</b>
Cash on Hand	165	609
New Zealand – Bank	20,608	56,870
Overseas – Bank	<u>13,311</u>	<u>5,831</u>
	<u><u>34,084</u></u>	<u><u>63,310</u></u>

(ii) Operating activities comprise those arising principally from the publication of scientific journals, the provision of scientific and technological advice to the New Zealand Government, the advancement and dissemination of science and technology in New Zealand, the encouragement of science and technology education and the promotion of international scientific relationships.

(iii) Investing activities comprise the purchase of fixed assets and interest bearing investments.

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**NOTE 12: STATEMENT OF CASH FLOWS** *continued*

**(iv) Reconciliation with reported Operating Surplus**

	<b>2000</b>	<b>1999</b>
Reported Net Surplus – General Funds	374,850	84,754
– Designated Funds	3,685	(1,007)
<i>Non Cash Items</i>		
Depreciation	108,221	100,717
Exchange Rate Gain (Net)	(5,079)	(2,427)
	<u>481,677</u>	<u>182,037</u>
Add (Less) Movements in Other Working Capital Items		
Decrease (Increase) in Receivables	151,235	47,338
Decrease (Increase) in Stock on Hand	(32,568)	27,440
Decrease (Increase) in Work in Progress	10,176	(10,176)
Decrease (Increase) in Payments in Advance	16,890	(25,701)
Increase (Decrease) in Payables	13,624	34,316
Increase (Decrease) in Income in Advance	146,176	49,903
Increase (Decrease) in Provision for Employee Entitlements	33,663	(10,905)
Working Capital Movements (Net)	339,196	112,215
<i>Items Classified as Investing Activities</i>		
Loss on Disposal of Assets	17,952	0
Net Cash Inflow (Outflow) from Operating Activities	<u>838,825</u>	<u>294,252</u>

### NOTE 13: AGENCY FUNDS

The Royal Society has contracted with the Ministry of Research, Science and Technology (MoRST) in the year to administer the CJC Fellowship, Science Teacher Fellowship, ISAT Linkages, Promotion Contestable and the Marsden Fund providing grants for scientific purposes. The Royal Society receives this money and pays it out to recipients as grants.

These funds have been treated as agency funds and separate bank & investment accounts have been set up to record activities and reflect fund balances. The receipts and payments in respect to these funds have been recorded in the Statement of Agency Funds.

These agency funds are represented by short term investments held at the Bank of New Zealand. Interest earned on these investments is reinvested in the funds.

Maturity Date	2000		1999	
	Amount	Interest Rate	Amount	Interest Rate
At Call	5,107	0.50%	107,801	1.00%
At Call	38,727	3.25%	13,896	2.50%
At Call	188,139	4.50%	187,897	3.00%
At Call	3,958,158	6.40%	10,216,664	4.90%
3-Jan-01	2,000,000	6.85%		
3-Apr-01	2,500,000	7.05%		
	<u>8,690,131</u>		<u>10,526,258</u>	

The Society has committed the following amounts to grants at 31 December 2000 provided that the agreed level of funding received from MoRST is maintained.

	2000	1999
Marsden Fund	59,924,215	59,022,479
Science Teacher Fellowship Fund	2,982,334	1,890,791
James Cook Fellowship Fund	668,339	563,200
ISAT Linkages Contestable Fund	183,420	183,835
Promotions Contestable Fund	239,330	301,865

### NOTE 14: ANZCCART INVESTMENT

The Society is part owner of Australian and New Zealand Council for the Care of Animals in Research and Teaching Limited (ANZCCART). ANZCCART is a company registered in the Australian Capital Territory as an incorporated company and is limited by guarantee. No capital has been subscribed and it is not anticipated that any will be called. The Society is not aware of any contingencies in relation to this investment.

## NOTE 15: RELATED PARTY

The Minister of Research, Science and Technology provides significant funding to the Royal Society of New Zealand through Non Department Output Classes (NONDOC's) and other grants as appropriated through the estimates approved by Parliament annually.

The total balance owing by the Ministry of Research, Science and Technology (MoRST) to the Royal Society as at

31 December 2000 was \$Nil (1999 \$Nil).

No debts were forgiven or written off during the period. All transactions between the two parties were undertaken at arms length.

## NOTE 16: FINANCIAL INSTRUMENTS

### (i) Credit Risk

The financial instruments which expose the Society to credit risk are principally bank balances, short term investments and accounts receivable. The Society monitors credit risk on an ongoing basis.

Bank balances are held with New Zealand and Sydney registered banks in accordance with the Society's rules. Short term investments are held with a New Zealand registered bank in accordance with the Society's rules. A provision for doubtful debts is maintained in respect of accounts receivable and this is reassessed on a regular basis. No collateral is held by the Society in respect of bank balances, short term investments or accounts receivable.

### (ii) Currency Risk

Currency risk is the risk that debtors and creditors due in foreign currency will fluctuate because of changes in foreign exchange rates. The Society has exposure to exchange rate risk as a result of its normal operating activities of providing consultancy services and publications to overseas parties.

The Society does not enter into forward exchange contracts in respect of its foreign exchange transactions.

### (iii) Interest Rate Risk

The interest rate risk on funds held is managed through the use of short term investments in accordance with the Society's rules.

	<b>Amount</b>	<b>Maturity Date</b>	<b>Interest Rate</b>
RSNZ Funds	4,350	At call	0.50%
RSNZ Funds	1,240,642	At call	6.40%

## NOTE 17: COMMITMENTS AND CONTINGENT LIABILITIES

The Society has the following contingent liability:

A \$30,000 letter of credit with the Bank of New Zealand for the payroll schedule (1999 \$30,000).

There are no commitments as at balance date with respect to general funds (1999 \$Nil).