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ROYAL SOCIETY of NEW ZEALAND
Consolidated Financial Statements
for the year ended 30 June 2020

**Royal Society of New Zealand
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for the year ended 30 June 2020**

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**Royal Society of New Zealand
Directory
for the year ended 30 June 2020**

Society Council (as at 29 September 2020)*

Professor Wendy Larner (President)
Professor Charlotte Macdonald (Academy Executive Committee Chair)
Dr Brent Clothier (President-elect)
Dr Tom Baker
Dr Russell Burton
Dr Tony Conner
Associate Professor Cate Macinnis-Ng
Mrs Jenny Pollock
Dr Dianne Sika-Paotonu
Dr Moana Theodore
Associate Professor Melinda Webber
Associate Professor Siouxsie Wiles

Registered Office

11 Turnbull Street, Thorndon, Wellington

Nature of Business

Fostering science, technology and the humanities in New Zealand

Charities Commission registration number

CC38796

Independent Auditor

Grant Thornton New Zealand

** The membership of the Council as at 30 June 2020 is in Note 21, refer page 19.*

**Royal Society of New Zealand
Councillors' report
for the year ended 30 June 2020**

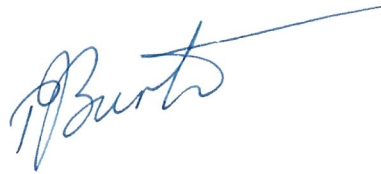
The Councillors have pleasure in presenting the annual report of the Royal Society of New Zealand ("the Society") incorporating the financial statements and the auditor's report for the year ended 30 June 2020.

The Councillors of the Society have authorised these financial statements presented on pages 6 - 20 for issue on 29 September 2020.

For and on behalf of the Council



Wendy Larner
President
29-Sep-20



Russell Burton
Councillor
29-Sep-20

Independent Auditor's Report

Grant Thornton New Zealand Audit Limited

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To the Members of Royal Society of New Zealand

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Royal Society of New Zealand (the "Society") and its controlled entity, Royal Society of New Zealand Endowment Fund Trust (together referred to as the "Group") on pages 6 to 20 which comprise the consolidated statement of financial position as at 30 June 2020, and the consolidated statement of comprehensive revenue and expense, consolidated statement of changes in net assets and consolidated cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 30 June 2020 and its financial performance and cash flows for the year then ended in accordance with Public Benefit Entity International Public Sector Accounting Standards (Not-for-Profit) Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Councillors' Responsibilities for the Consolidated Financial Statements

The councillors are responsible on behalf of the Group for the preparation and fair presentation of these consolidated financial statements in accordance with Public Benefit Entity International Public Sector Accounting Standards (Not-for-Profit) Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board, and for such internal control as those charged with governance determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, those charged with governance are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the councillors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

Restriction on use of our report

This report is made solely to the Society's members, as a body. Our audit work has been undertaken so that we might state to the Society's members, as a body those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the Society's members, as a body, for our audit work, for this report or for the opinion we have formed.

Grant Thornton New Zealand Audit Limited



B Kennerley
Partner
Wellington

29 September 2020

Royal Society of New Zealand
Statement of comprehensive revenue and expenses
for the year ended 30 June 2020

	Notes	Consolidated		Parent	
		2020 \$000's	2019 \$000's	2020 \$000's	2019 \$000's
<i>Revenue from non-exchange transactions</i>	19				
Government contract revenue		500	500	500	500
Donations		12	17	-	-
		512	517	500	500
<i>Revenue from exchange transactions</i>					
Society membership		288	301	288	301
Interest income		320	374	106	105
Government contract revenue	19	7,262	6,413	7,262	6,413
Rental of investment property		428	440	428	440
Other operating revenue		768	733	783	733
		9,066	8,261	8,867	7,992
<i>Revenue from non cash transactions</i>					
Gain/(Loss) on fair value of investment property	6	663	663	663	663
Total Revenue		10,241	9,441	10,030	9,155
<i>Expenses</i>					
Audit expense		35	56	30	52
Depreciation and amortisation expense	5 & 8	129	167	129	167
Employee benefits expense		4,451	3,999	4,451	3,999
Grants		68	90	-	-
Other expenses		4,037	3,919	4,026	3,915
Total Expenses		8,720	8,231	8,636	8,133
Total surplus / (deficit) for year		1,521	1,210	1,394	1,022
<i>Other comprehensive revenue and expense</i>					
Gain/(Loss) on revaluation of land and buildings	5	1,027	(258)	1,027	(258)
Other comprehensive revenue and expense for the year		1,027	(258)	1,027	(258)
Total comprehensive revenue and expense for the year		2,548	952	2,421	764
Surplus / (deficit) attributable to:					
Parent - Royal Society of New Zealand		1,394	1,022	1,394	1,022
Subsidiary - Royal Society Endowment Fund Trust		127	188	-	-
		1,521	1,210	1,394	1,022
Total comprehensive revenue and expense attributable to:					
Parent - Royal Society of New Zealand		2,421	764	2,421	764
Subsidiary - Royal Society Endowment Fund Trust		127	188	-	-
		2,548	952	2,421	764

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

**Royal Society of New Zealand
Statement of changes in net assets
for the year ended 30 June 2020**

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 2018		4,559	855	12,794	18,208
Surplus (deficit) for the year		-	-	1,210	1,210
Other comprehensive income		-	(258)	-	(258)
Total comprehensive income		-	(258)	1,210	952
Transfer to/(from) designated purpose reserve	11	194	-	(194)	-
Closing equity 30 June 2019		4,753	597	13,810	19,160
Surplus (deficit) for the year		-	-	1,521	1,521
Other comprehensive income		-	1,027	-	1,027
Total comprehensive income		-	1,027	1,521	2,548
Transfer to/(from) designated purpose reserve	11	133	-	(133)	-
Closing equity 30 June 2020		4,886	1,624	15,198	21,708

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 2018		235	855	12,780	13,870
Surplus (deficit) for the year		-	-	1,022	1,022
Other comprehensive income		-	(258)	-	(258)
Total comprehensive income		-	(258)	1,022	764
Transfer to/(from) designated purpose reserve		-	-	-	-
Closing equity 30 June 2019		235	597	13,802	14,634
Surplus (deficit) for the year		-	-	1,394	1,394
Other comprehensive income		-	1,027	-	1,027
Total comprehensive income		-	1,027	1,394	2,421
Transfer to/(from) designated purpose reserve	11	-	-	-	-
Closing equity 30 June 2020		235	1,624	15,196	17,055

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



**Royal Society of New Zealand
Statement of financial position
as at 30 June 2020**

		Group		Parent	
	Notes	2020 \$000's	2019 \$000's	2020 \$000's	2019 \$000's
ASSETS					
<i>Current assets</i>					
Cash and cash equivalents	9	2,327	2,045	616	1,420
Receivables from exchange transactions	7	124	532	119	521
Investments and other financial assets	10	4,312	4,260	4,032	2,560
Prepayments		2	192	2	192
Inventories		17	18	17	18
Total current assets		6,782	7,047	4,786	4,711
<i>Non-current assets</i>					
Property, plant and equipment	5	9,329	8,356	9,329	8,356
Investment Properties	6	4,638	3,975	4,638	3,975
Investments and other financial assets	10	2,780	2,298	100	100
Intangible assets	8	2	23	2	23
Total non-current assets		16,749	14,652	14,069	12,454
Total assets		23,531	21,699	18,855	17,165
LIABILITIES					
<i>Current liabilities</i>					
Trade and other payables	12	1,267	1,680	1,244	1,672
Income in advance	13	556	859	556	859
		1,823	2,539	1,800	2,531
Total Liabilities		1,823	2,539	1,800	2,531
Net assets		21,708	19,160	17,055	14,634
EQUITY					
Retained earnings		15,198	13,810	15,196	13,802
Asset revaluation reserve		1,624	597	1,624	597
Designated purpose reserve	11	4,886	4,753	235	235
		21,708	19,160	17,055	14,634

Signed for and on behalf of the Council who authorised these financial statements for issue on 29 September 2020.

Wendy Larner

Wendy Larner
President
29-Sep-20

Russell Burton

Russell Burton
Councillor
29-Sep-20

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



Royal Society of New Zealand
Cash flow statement
For the Year ended 30 June 2020

Notes	Consolidated		Parent	
	2020 \$000's	2019 \$000's	2020 \$000's	2019 \$000's
Cash flows from operating activities				
Receipts				
Receipts from non-exchange transactions	512	517	500	500
Receipts from exchange transactions	8,391	7,441	8,391	7,441
Net GST Receipts	34	-	34	-
	<u>8,937</u>	<u>7,958</u>	<u>8,925</u>	<u>7,941</u>
Payments				
Payments to suppliers	(4,383)	(3,171)	(4,299)	(3,078)
Payments to employees	(4,468)	(3,980)	(4,468)	(3,980)
Transfer to Endowment Trust	-	-	-	-
	<u>(8,851)</u>	<u>(7,151)</u>	<u>(8,767)</u>	<u>(7,058)</u>
Net cashflows from operating activities	<u>86</u>	<u>807</u>	<u>158</u>	<u>883</u>
Cash flows from investing activities				
Receipts				
Interest received	232	231	104	102
Receipts from maturity of investments	2,560	1,009	2,560	1,009
Receipts from rental of investment properties	425	440	425	440
	<u>3,217</u>	<u>1,680</u>	<u>3,089</u>	<u>1,551</u>
Payments				
Purchase of property plant & equipment	(19)	(64)	(19)	(64)
Purchase of intangible assets	-	-	-	-
Purchase of investment properties	-	-	-	-
Purchase of long term investments	(3,002)	(3,506)	(4,032)	(2,768)
	<u>(3,021)</u>	<u>(3,570)</u>	<u>(4,051)</u>	<u>(2,832)</u>
Net cashflows from investing activities	<u>196</u>	<u>(1,890)</u>	<u>(962)</u>	<u>(1,281)</u>
Net cashflows from financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	282	(1,083)	(804)	(398)
Opening Cash and cash equivalents at 1 July	2,045	3,128	1,420	1,818
Closing Cash and cash equivalents at 30 June	<u>2,327</u>	<u>2,045</u>	<u>616</u>	<u>1,420</u>

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



**Royal Society of New Zealand
Notes to the Financial Statements
for the year ended 30 June 2020**

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 1997 and the Charities Act 2005.

The financial statements comprising the Society and its controlled entity, The Royal Society of New Zealand Endowment Fund Trust (the Trust), (together the "Group"), are presented for the year ended 30 June 2020.

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 29 September 2020.

Note 2. Statement of compliance

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

Note 3. Changes in accounting policy

There have been no changes in accounting policy.

Note 4. Summary of accounting policies

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

4.1 Basis of measurement

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

4.2 Functional and presentational currency

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



**Royal Society of New Zealand
Notes to the Financial Statements
for the year ended 30 June 2020**

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 2020 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	
		2020	2019
Royal Society of New Zealand Endowment Fund Trust	Support charitable purposes of the Society	100%	100%

4.5 Revenue

Revenue from non-exchange transactions

Donations

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

Legacies and bequests

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

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

Services in Kind

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

Revenue from exchange transactions

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

Revenue is recognised as follows:

Sales of Publications

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

Sales of services

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

Interest Income

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

Rental Income

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



Royal Society of New Zealand
Notes to the Financial Statements
for the year ended 30 June 2020

Contract Income

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

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

4.6 Goods and Services Tax (GST)

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

4.7 Leases

The Group is the lessee

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

The Group is the lessor.

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

4.8 Cash and cash equivalents

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

4.9 Trade receivables

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

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

4.10 Inventories

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

4.11 Investments and other financial assets

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

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

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

**Royal Society of New Zealand
Notes to the Financial Statements
for the year ended 30 June 2020**

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

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

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

Investment in controlled Trust

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

Loans and receivables

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

4.12 Financial liabilities

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

Trade and other payables

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

4.13 Employee benefits

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

4.14 Investment properties

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

Royal Society of New Zealand
Notes to the Financial Statements
for the year ended 30 June 2020

4.15 Property, plant and equipment

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

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

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

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

Capital work in progress is not depreciated until commissioned.

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

Land and buildings are initially recorded at cost, and subsequently are recorded at fair value, as determined by an independent valuer. Land and buildings are valued annually at balance date. To the extent that any revaluation gain reverses a loss previously charged to the statement of comprehensive income for a class of assets, the gain is credited to the statement of comprehensive revenue and expenses.

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

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

4.16 Intangible assets

Intangible assets are initially measured at cost and subsequently measured at cost less accumulated amortisation and impairment. Cost includes expenditure directly attributable to the acquisition of the asset.

4.17 Special Purpose Reserve (SPR)

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

Royal Society of New Zealand
Notes to the Financial Statements
for the year ended 30 June 2020

Note 5. Property, plant and equipment
As at 30 June 2019

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

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

The Group's freehold land and buildings are stated at their 30 June 2020 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

	2020 \$000's		2019 \$000's	
	Consolidated	Parent	Consolidated	Parent
Land - Fair value opening balance	3,975	3,975	3,312	3,312
Valuation movements	663	663	663	663
Land - Fair value closing balance	4,638	4,638	3,975	3,975

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

	2020 \$000's		2019 \$000's	
	Consolidated	Parent	Consolidated	Parent
Gross accounts receivable	124	119	532	521
Provision for accounts receivable	-	-	-	-
	124	119	532	521

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Notes to the Financial Statements
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Note 8. Intangible assets

As at 30 June 2019

	At Cost or valuation	Acquisitions (Transfers)	Consolidated and Parent Revaluation Mvmts	Amortisation 2019 year	Closing Accum Amortisation	Net Book amount
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
MIR Database system (acquired externally)	315	1	-	79	293	23
	315	1	-	79	293	23

As at 30 June 2020

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

Note 9. Cash and cash equivalents

	2020 \$000's		2019 \$000's	
	Consolidated	Parent	Consolidated	Parent
Bank & Treasury call accounts	2,327	616	1,045	420
Term deposits less than or equal to 3 months	-	-	1,000	1,000
	2,327	616	2,045	1,420

In both the 2020 and 2019 years accounts are held with the Bank of New Zealand, ASB Bank and RaboDirect.

The Society has a \$525,000 facility by way of BNZ Business Visa. (2019: \$525,000).

Note 10. Investments and other financial assets.

	2020 \$000's		2019 \$000's	
	Consolidated	Parent	Consolidated	Parent
Term deposits greater than 3 months	4,312	4,032	4,260	2,560
NZ Bonds and Fixed Interest Investments	1,066	100	1,048	100
NZ Equity Investments	595	-	449	-
Overseas Equity Investments	1,119	-	801	-
	7,092	4,132	6,558	2,660

In both the 2020 and 2019 years term deposits are held with the Bank of New Zealand and ASB Bank.



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Note 11. Designated purpose reserves

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

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

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

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

Note 12 Trade and other payables

	2020 \$000's		2019 \$000's	
	Consolidated	Parent	Consolidated	Parent
<i>Current liabilities</i>				
Creditors	336	313	855	847
Employee entitlements	274	274	290	290
Other accruals	641	641	485	485
GST payable/(receivable)	16	16	50	50
	1,267	1,244	1,680	1,672



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Note 13 Income in advance

	2020 \$000's		2019 \$000's	
	Consolidated	Parent	Consolidated	Parent
Journal income	130	130	105	105
Membership subscriptions	3	3	3	3
Other	423	423	751	751
	556	556	859	859

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

Note 14 Contestable funds

	2020 \$000's		2019 \$000's	
	Consolidated	Parent	Consolidated	Parent
Opening contestable funds	37,947	37,947	31,620	31,620
Receipts	108,652	108,652	101,771	101,771
Interest earned & accrued	936	936	973	973
Payments	(108,530)	(108,530)	(96,417)	(96,417)
Closing contestable funds	39,005	39,005	37,947	37,947

The Group managed eight contestable funds on behalf of government in the year ended 30 June 2020 (2019: eight). The fund monies shown in this note are not included in the Group's Statements of comprehensive revenue and expenses or Statements of Financial Position, as ownership of the monies is not vested in the Group.

This note serves to highlight the significant funding administered by the Group. The Group received \$7.11m in administration fees from MBIE in the 2020 financial year (2019: \$6.91m). Of that total, \$4.37m (2019: \$4.37m) is related to the administration of these Contestable funds.

Note 15 Deposits held on behalf of third parties

	2020 \$000's		2019 \$000's	
	Consolidated	Parent	Consolidated	Parent
Term deposits on behalf - James Hay	49	49	55	55
Term deposits on behalf - Ecohydraulics	26	26	26	26
	75	75	81	81

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

Note 16 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, ending September 2021. A security interest to Sharp is granted in the copying equipment leased.

	2020 \$000's		2019 \$000's	
	Consolidated	Parent	Consolidated	Parent
Less than 1 year	16	16	16	16
Between 1-5 yrs	5	5	21	21
Greater than 5 yr	-	-	-	-
	21	21	37	37

Note 17 Contingent Liabilities

There are no contingent liabilities as at 30 June 2020 (2019: nil).

Note 18 Events occurring after balance date

There have been no significant events subsequent to balance date.

Royal Society of New Zealand
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Note 19 Income

	2020 \$000's		2019 \$000's	
	Consolidated	Parent	Consolidated	Parent
Non-exchange transactions				
Income from Government Contracts	500	500	500	500
Donations	12	-	17	-
Exchange transactions				
Income from Government Contracts	7,262	7,262	6,413	6,413
Other income	1,804	1,605	1,848	1,579
	9,578	9,367	8,778	8,492

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

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

Note 20 Related parties

There were no significant related parties transactions in either 2020 or 2019, other than mentioned below.

The Royal Society of New Zealand - Rutherford Foundation Trust was a Related Party as the Society held the right to appoint trustees and during the 2019 financial year a Council member of the Society was also a Trustee of the Foundation. During 2019, the Foundation was wound up.

Note 21 Key management personnel

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

	2020 \$000's		2019 \$000's	
	Consolidated	Parent	Consolidated	Parent
Total remuneration	1,483	1,483	1,399	1,399
Number of persons	8	8	8	8

The **11 members** of the governing body (**the Council**) as at **30 June 2020** were: Professor Wendy Larner (President), Dr Thomas Baker, Professor Richard Blaikie, Dr Russell Burton, Dr Anthony Conner, Dr Elizabeth Gordon, Professor Philip Lester, Dr Dianne Sika-Paotonu, Dr Reremoana Theodore, Associate Professor Melinda Webber, Associate Professor Siouxsie Wiles.

Royal Society of New Zealand
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Note 22 Financial Instrument Classification

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

Consolidated

	Loans and receivables	Other liabilities at amortised cost	Total
	\$000's	\$000's	\$000's
As at 30 June 2019			
Cash and cash equivalents	2,045	-	2,045
Trade and other receivables	532	-	532
Investments	6,558	-	6,558
Trade and other payables	-	(1,680)	(1,680)
	9,135	(1,680)	7,455
As at 30 June 2020			
Cash and cash equivalents	2,327	-	2,327
Trade and other receivables	124	-	124
Investments	7,092	-	7,092
Trade and other payables	-	(1,267)	(1,267)
	9,543	(1,267)	8,276

Parent

	Loans and receivables	Other liabilities at amortised cost	Total
	\$000's	\$000's	\$000's
As at 30 June 2019			
Cash and cash equivalents	1,420	-	1,420
Trade and other receivables	521	-	521
Investments	2,660	-	2,660
Trade and other payables	-	(1,672)	(1,672)
	4,601	(1,672)	2,929
As at 30 June 2020			
Cash and cash equivalents	616	-	616
Trade and other receivables	119	-	119
Investments	4,132	-	4,132
Trade and other payables	-	(1,244)	(1,244)
	4,867	(1,244)	3,623

Note 23 COVID-19 Pandemic and impacts

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

For the period up to 30 June 2020, there has been no significant adverse impact on the Financial Statements of the Parent or Group. The Society received additional Government Contract revenue from the Ministry of Business, Innovation and Employment during the year to enable the Science Media Centre to undertake greater COVID-19 related work. The Society also incurred lower travel (and associated) costs in the year as many planned face-to-face meetings and events were moved to a digital/online forum or delivery mode.



