

ROYAL SOCIETY of NEW ZEALAND
Financial Statements
for the year ended 30 June 2012

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**Royal Society of New Zealand
Councillors' report
for the year ended 30 June 2012**

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 2012

The Councillors of the Society have authorised these financial statements presented on pages 6 - 18 for issue on 18 October 2012.

For and on behalf of the Council

David Skegg

Sir David Skegg

President

18 October 2012

R. B. Le Heron

Richard le Heron

Councillor

18 October 2012



Independent Auditors' Report to the members of the Royal Society of New Zealand

Report on the Financial Statements

We have audited the financial statements of the Royal Society of New Zealand (the "Royal Society") on pages 6 to 18, which comprise the balance sheets as at 30 June 2012, and the statements of comprehensive income and statements of changes in equity for the year then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information for both the Royal Society and the Group. The Group comprises the Royal Society and the entity it controlled at 30 June 2012 or from time to time during the financial year.

Council's Responsibility for the Financial Statements

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

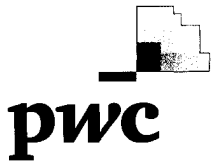
Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal controls relevant to the Royal Society and Group's preparation of financial statements that present fairly the matters to which they relate, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Royal Society and Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

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

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



Independent Auditors' Report

Royal Society of New Zealand

Opinion

In our opinion, the financial statements on pages 6 to 18 present fairly, in all material effects, the financial position of the Royal Society and Group as at 30 June 2012, and their financial performance for the year ended on that date in accordance with generally accepted accounting practice in New Zealand.

Restriction of Distribution or Use

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

PricewaterhouseCoopers

Chartered Accountants
19 October 2012

Wellington

**Royal Society of New Zealand
Statements of comprehensive income
for the year ended 30 June 2012**

	Notes	Consolidated		Parent	
		2012 \$000's	2011 \$000's	2012 \$000's	2011 \$000's
<i>Revenue</i>					
Society membership		296	186	296	186
Income from products and services	16	6,244	6,464	6,244	6,464
Sponsorship and donations		453	525	440	513
Rental of investment property		57	192	57	192
Total Revenue		7,050	7,367	7,037	7,355
Interest income		269	384	243	371
Total other income		269	384	243	371
<i>Expenditure</i>					
Audit expense	14	42	41	39	36
Operating lease expense		171	20	171	20
Depreciation expense	3	73	86	73	86
Loss on construction demolition		-	290	-	290
Employee benefits expense		3,675	3,780	3,675	3,780
Transfer to Royal Society of New Zealand Endowment Fund Trust		-	-	460	447
Grants		17	16	-	-
Other expenses		2,608	2,920	2,612	2,919
Total Expenses		6,587	7,153	7,030	7,578
Net Surplus		731	598	250	149
Other Comprehensive Income:					
Losses on revaluation of land and buildings	3	(3,106)	(64)	(3,106)	(64)
Other Comprehensive Income for the year, net of tax		(3,106)	(64)	(3,106)	(64)
Total Comprehensive Income for the year.		(2,375)	534	(2,856)	84
Net surplus attributable to:					
Parent - Royal Society of New Zealand		715	595	250	149
Subsidiary - Royal Society Endowment Fund Trust		16	3	-	-
		731	598	250	149
Total comprehensive income attributable to:					
Parent - Royal Society of New Zealand		(2,391)	531	(2,856)	84
Subsidiary - Royal Society Endowment Fund Trust		16	3	0	0
		(2,375)	534	(2,856)	84

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

**Royal Society of New Zealand
Statements of changes in equity
for the year ended 30 June 2012**

Consolidated	Notes	Designated purpose reserve \$000's	Property revaluation reserve \$000's	Retained earnings \$000's	Total equity \$000's
Balance as at 1 July 2010		6,098	3,801	5,326	15,225
Revaluation of property		-	(354)	290	(64)
Total other comprehensive income		-	(354)	290	(64)
Net surplus		-	-	598	598
Total comprehensive income		-	(354)	888	534
Transfer to/(from) designated purpose reserve	4	148	-	(148)	-
Balance as at 30 June 2011		6,246	3,447	6,066	15,759
Revaluation of property		-	(3,106)	-	(3,106)
Total other comprehensive income		-	(3,106)	0	(3,106)
Net surplus		-	-	731	731
Total comprehensive income		-	(3,106)	731	(2,375)
Transfer to/(from) designated purpose reserve	4	(5,091)	-	5,091	0
Balance as at 30 June 2012		1,155	341	11,888	13,384

Parent	Notes	Designated purpose reserve \$000's	Property revaluation reserve \$000's	Retained earnings \$000's	Total equity \$000's
Balance as at 1 July 2010		6,098	3,801	5,326	15,225
Revaluation of property		-	(354)	290	(64)
Total other comprehensive income		-	(354)	290	(64)
Net surplus		-	-	148	148
Total comprehensive income		-	(354)	438	84
Transfer to/(from) Endowment Fund Trust		(447)	-	447	-
Transfer to/(from) designated purpose reserve	4	148	-	(148)	-
Balance as at 30 June 2011		5,799	3,447	6,063	15,309
Revaluation of property		-	(3,106)	-	(3,106)
Total other comprehensive income		-	(3,106)	0	(3,106)
Net surplus		-	-	250	250
Total comprehensive income		-	(3,106)	250	(2,856)
Transfer to/(from) Endowment Fund Trust		(460)	-	460	-
Transfer to/(from) designated purpose reserve	4	(5,104)	-	5,104	-
Balance as at 30 June 2012		235	341	11,877	12,453

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

**Royal Society of New Zealand
Balance sheets
as at 30 June 2012**

	Notes	Consolidated		Parent	
		2012 \$000's	2011 \$000's	2012 \$000's	2011 \$000's
ASSETS					
Current assets					
Cash and cash equivalents	5	2,849	4,431	2,849	3,988
Trade and other receivables	6	591	324	577	312
Investments and other financial assets	7	963	3,597	25	3,597
Prepayments		142	90	142	90
Inventories		11	11	11	11
Total current assets		4,556	8,453	3,604	7,998
Non-current assets					
Property, plant and equipment	3	11,512	8,161	11,512	8,161
Halswell Street - site development		-	729	-	729
Total non-current assets		11,512	8,890	11,512	8,890
Total assets		16,068	17,343	15,116	16,888
LIABILITIES					
Current liabilities					
Trade and other payables	8	2,192	1,144	2,171	1,138
Income in advance	9	492	441	492	441
		2,684	1,585	2,663	1,579
Total Liabilities		2,684	1,585	2,663	1,579
Net assets		13,384	15,759	12,453	15,309
EQUITY					
Retained earnings		11,888	6,066	11,877	6,063
Property revaluation reserve		341	3,447	341	3,447
Designated purpose reserve	4	1,155	6,246	235	5,799
		13,384	15,759	12,453	15,309

For and on behalf of the Council

David Skegg

Sir David Skegg
President
18 October 2012

R. B. Le Heron

Richard le Heron
Councillor
18 October 2012

The above balance sheets should be read in conjunction with the accompanying notes on pages 9 - 18

Royal Society of New Zealand
Notes to the Financial Statements
for the year ended 30 June 2012

Note 1. General information

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

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

The Society ("the Parent") is an independent statutory body, exempt from income tax. Membership of the Society consists of fellows, ordinary members, companions, constituent organisations, regional constituent organisations, affiliate organisations, honorary members and honorary fellows. The Society Council has control of the Society. The Councillors are not remunerated.

The object of the Society and its controlled trust is the advancement and promotion of science, technology and the humanities in New Zealand. It does this by:

- fostering a culture within New Zealand that supports science, technology and the humanities (promoting public awareness, knowledge, and understanding of science, technology and the humanities; and advancing science education);
- encouraging, promoting and recognising excellence in science, technology and the humanities;
- providing an infrastructure and other support for the professional needs and development of scholars;
- establishing and administering for members a code of professional standards and ethics in science, technology and the humanities;
- providing expert advice on important public issues to the Government and the community.

These consolidated financial statements have been approved for issue by Council on 18 October 2012.

Note 2. Summary of significant accounting policies

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

(a) Basis of Preparation

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

Entities reporting

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

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

Statutory base

The Royal Society was established under the Royal Society of New Zealand Act 1997.

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

Differential reporting

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

Historical Cost convention

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

(b) Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of the controlled trust of the Royal Society of New Zealand as at 30 June 2012 and the results of the controlled trust for the year then ended. The Royal Society of New Zealand and its controlled trust together are referred to in these financial statements as the Group or the consolidated entity.

Controlled trusts are all those entities over which the Society has the power to govern the financial and operating policies, generally accompanied by holding more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Society controls another entity.

Controlled trusts which form part of the Group are consolidated from the date on which control is transferred to the Society. They are de-consolidated from the date that control ceases.

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

(c) Foreign Currency translation

Functional and presentation currency

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

Transactions and balances

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

(d) Investment in controlled trust

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

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

Name of entity	Principal Activities	Equity Holding	
		2012	2011
Royal Society of New Zealand Endowment Fund Trust	Support charitable purposes of the Society	100%	100%

(e) Revenue recognition

Revenue comprises the fair value for the sale of goods and services excluding Goods and Services Tax, rebates and discounts. Revenue is recognised as follows:

Sales of Publications

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

Sales of services

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

Interest Income

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

Rental Income

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

(e) Revenue recognition (cont)

Grants

Grants received from the Ministry of Science and Innovation are the primary source of funding to the Society and are restricted for the purposes of the Society meeting its objectives as specified in the Royal Society of New Zealand Act 1997. The Society also receives other government assistance for specific purposes, and these grants usually contain restrictions on their use. Government and non-government grants are recognised as revenue when they become receivable unless there is an obligation to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

Bequests and other monies held in trust

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

(f) Goods and Services Tax (GST)

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

(g) Leases

The Group is the lessee

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

The Group is the lessor.

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

(h) Cash and cash equivalents

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

(i) Trade receivables

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

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

(j) Inventories

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

(k) Investments and other financial assets

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

**Royal Society of New Zealand
Notes to the Financial Statements
for the year ended 30 June 2012**

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. Loans and receivables are classified as "trade and other receivables" or "investments" in the balance sheet.

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

Recognition and measurement

Regular purchases and sales of financial assets are recognised on trade date - the date on which the Group commits to purchase or sell the asset. All financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

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

Offsetting financial instruments

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

Derecognition

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

(l) Property, plant and equipment

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

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

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

- Buildings	30 and 40 years
- Furniture	10 years
- Office equipment	5 to 10 years
- Computer equipment	3 years

Capital work in progress is not depreciated until commissioned.

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

Land and buildings are initially recorded at cost, and subsequently are recorded at fair value, as determined by an independent valuer, less any impairment losses and accumulated depreciation (for buildings) since the assets were last revalued. Land and buildings are valued annually at balance date. To the extent that any revaluation gain reverses a loss previously charged to the statement of comprehensive income for a class of assets, the gain is credited to the statement of comprehensive income. Otherwise, revaluation gains are credited to a revaluation reserve for that class of asset. To the extent that any revaluation loss reverses a gain previously credited to an asset revaluation reserve for the asset class, the loss is debited to the asset revaluation reserve. Otherwise, revaluation losses are recognised in the statement of comprehensive income.

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

(m) Investment in controlled trust

Investments 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 2012**

(n) 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.

(o) 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.

(p) Changes in accounting policies

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

**Note 3. Property, plant and equipment
As at 30 June 2011**

	Consolidated and Parent					Net Book amount \$000's
	At Cost or valuation \$000's	Acquisitions Transfers (Disposals) \$000's	Revaluation Mvmts \$000's	Depreciation 2011 year \$000's	Acc Depreciation \$000's	
Furniture & equipment	615	-	-	32	469	146
Computer equipment	641	-	-	39	572	69
Land	4,040	3,700	(80)	-	-	7,660
Buildings	575	(290)	-	15	-	285
	5,871	3,410	(80)	86	1,040	8,161

As at 30 June 2012						Net Book amount \$000's
	At Cost or valuation \$000's	Acquisitions Transfers (Disposals) \$000's	Revaluation Mvmts \$000's	Depreciation 2012 year \$000's	Acc Depreciation \$000's	
Furniture & equipment	615	71		42	432	254
Computer equipment	641	(347)		31	242	52
Land	7,660	2	(577)			7,085
Buildings	285	6,372	(2,529)			4,120
	9,201	6,098	(3,106)	73	674	11,512

The Group's freehold land and buildings are stated at their 30 June 2012 valuation as determined by an independent registered valuer, Martin Veale of Telfer Young. Martin Veale ANZIV, SPINZ has been a valuer since 1986 and is a Public Valuer, registered in terms of the Valuers' Act 1948 and the holder of a current Annual Practising Certificate.

The basis of valuation is current market 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. The useful lives are as follows:

- Buildings 30 and 40 years
- Furniture 10 years
- Office equipment 5 to 10 years
- Computer equipment 3 years

Royal Society of New Zealand
Notes to the Financial Statements
for the year ended 30 June 2012

Note 4. Designated purpose reserves

	Balance 2010	Contributions	Disbursements	Balance 2011
	000's	000's	000's	000's
Consolidated 2011 Financial year				
Designated Fund	5,520	149	(42)	5,627
Academy Fund	69	2	-	71
Bates Memorial Scholarship	70	5	(6)	69
Hatherton Fund	-	30	-	30
Charles Fleming Fund	439	9	(4)	444
Manawatu Fund	-	5	-	5
	6,098	200	52	6,246
Parent 2011 Financial year				
Designated Fund	5,520	149	(41)	5,628
Academy Fund	69	2	-	71
Bates Memorial Scholarship	70	5	(6)	69
Hatherton Fund	0	30	-	30
Charles Fleming Fund	439	9	(448)	0
	6,098	195	(495)	5,798
Consolidated 2012 Financial year				
	000's	000's	000's	000's
Designated Fund	5,627	-	(5,392)	235
Academy Fund	71	-	(71)	-
Bates Memorial Scholarship	69	7	-	76
Hatherton Fund	30	6	-	36
Charles Fleming Fund	444	-	(1)	443
Manawatu Fund	5	6	-	11
Benson, Hutton & Mappin Funds	0	81	-	81
Skinner Fund	0	152	-	152
T K Sidey Summertime Fund	0	25	-	25
Hamilton Memorial Prize	0	30	-	30
Leonard Cockayne Memorial Lecture	0	66	-	66
	6,246	373	(5,464)	1,155
Parent 2012 Financial year				
	000's	000's	000's	000's
Designated Fund	5,628	-	(5,393)	235
Academy Fund	71	-	(71)	-
Bates Memorial Scholarship	69	-	(69)	-
Hatherton Fund	30	-	(30)	-
	5,798	0	(5,563)	235

The Group has a number of designated purpose funds.

In prior years, net surpluses of the parent, excluding investment property revaluations were transferred to the Development Fund. Surpluses are now held within Retained Earnings.

In November 2010 Council resolved to transfer the Charles Fleming Fund to the Royal Society of New Zealand Endowment Fund Trust (the controlled Trust). The balance transferred on 14 December 2010 was \$446,996. The annual income from the Charles Fleming Fund is for distribution across four different areas comprising: travel, senior scientist research, preparation of scientific books and an environmental award.

In February 2012, Council resolved to transfer \$460,000 to the Royal Society of New Zealand Endowment Trust (the controlled Trust). This amount represents the balances of the Benson, Hutton & Mappin Funds, the Bates Memorial Scholarship, the Hatherton Award Fund, the Skinner Fund, the TK Sidey Summertime Fund, the Hamilton Memorial Prize and the Leonard Cockayne Memorial Lecture Fund.

**Royal Society of New Zealand
Notes to the Financial Statements
for the year ended 30 June 2012**

Note 5. Cash and cash equivalents

	2012		2011	
	000's		000's	
	Consolidated	Parent	Consolidated	Parent
Current accounts	49	49	14	14
Treasury call accounts	1,355	1,355	1,979	1,974
Short term deposits (mature within 12 months)	1,445	1,445	2,438	2,000
	2,849	2,849	4,431	3,988

In the 2012 year, term deposits are held by BNZ and Rabodirect, previously all with BNZ. The Society has a \$115,000 facility by way of BNZ Business Visa. (2011 \$525,000).

Note 6. Trade and other receivables

	2012		2011	
	000's		000's	
	Consolidated	Parent	Consolidated	Parent
Gross accounts receivable	590	577	326	314
Provision for doubtful debts	0	0	(2)	(2)
	590	577	324	312

There are no related party receivables in these balances.

Note 7. Investments and other financial assets.

	2012		2011	
	000's		000's	
	Consolidated	Parent	Consolidated	Parent
Term deposits - current	939	1	3,573	3,573
Corporate bonds	24	24	24	24
	963	25	3,597	3,597

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

Note 8 Trade and other payables

	2012		2011	
	000's		000's	
	Consolidated	Parent	Consolidated	Parent
<i>Current liabilities</i>				
Creditors	611	590	348	348
Employee entitlements	320	320	354	354
Other accruals	1,298	1,298	428	422
GST payable/(receivable)	(37)	(37)	14	14
	2,192	2,171	1,144	1,138

There are no payables to related parties in the above balances.

Note 9 Income in advance

	2012		2011	
	000's		000's	
	Consolidated	Parent	Consolidated	Parent
Journal income	63	63	60	60
Membership subscriptions	84	84	78	78
Other	345	345	303	303
	492	492	441	441

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

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Note 10	Contestable funds	2012		2011	
		000,000's		000,000's	
		Consolidated	Parent	Consolidated	Parent
	Opening contestable funds	17	17	20	20
	Receipts	65	65	64	64
	Interest earned & accrued	1	1	1	1
	Payments	(71)	(71)	(68)	(68)
	Closing contestable funds	<u>12</u>	<u>12</u>	<u>17</u>	<u>17</u>

The group managed twenty contestable funds on behalf of government in the year ended 30 June 2012. (2011: twenty). The fund monies shown in this note are not included in the group's Statements of comprehensive income or Balance Sheets, as ownership of the monies is not vested in the Group.

This note serves to highlight the significant funding administered by the Group. The Group received \$5.6m in administration fees from MSI in the 2012 financial year. (2011 \$6.3m).

Note 11 Commitments

a) Contractual commitments for the acquisition of property, plant and equipment.

The Group has entered into a contract with Fletcher Construction Company to rebuild and construct a new building on the Turnbull Street site. The total amount of the contract is \$5,673,599. At balance date, the outstanding commitment is \$640,031 which is anticipated to be due within 12 months. (2011:\$5,139,683). The total value of the building is included in the assets of the Group at balance date.

b) Operating lease commitments Group as lessee.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	2012		2011	
	000's		000's	
	Consolidated	Parent	Consolidated	Parent
Within one year	40	40	152	152
Later than one year but not later than five years	-	-	20	20
Later than five years	-	-	-	-
	<u>40</u>	<u>40</u>	<u>172</u>	<u>172</u>

The company leases premises by way of operating leases. The lease for the 11th floor of Freyberg House is for the period to 19 August 2012. The lease of 44-50 Manners Street is to 29 June 2013 with no right of renewal. There are no sub leases from the above.

Note 12 Deposits held on behalf of third parties.

	2012		2011	
	000's		000's	
	Consolidated	Parent	Consolidated	Parent
Term deposits on behalf - James Hay	43	43	43	43
Term deposits on behalf - Ecohydraulics	24	24	24	24
	<u>67</u>	<u>67</u>	<u>67</u>	<u>67</u>

The Group has been entrusted to administer these funds for stated purposes at future dates.

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

Note 13 Contingent Liabilities

There were no contingent liabilities at 30 June 2012. (2011: nil)

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Note 14 Remuneration of auditors

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

	2012		2011	
	000's		000's	
	Consolidated	Parent	Consolidated	Parent
Statutory audit services	38	35	37	32
Other services	4	4	4	4
	42	39	41	36

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

Note 15 Events occurring after balance date

There are no significant events subsequent to balance date

Note 16 Income

	2012		2011	
	000's		000's	
	Consolidated	Parent	Consolidated	Parent
Income from Government Grants	5,482	5,482	6,037	6,037
Other products and services	762	762	427	427
	6,244	6,244	6,464	6,464

Grants received from the Ministry of Science and Innovation are the primary source of funding to the Society and are restricted for the purposes of the Society meetings its objectives as specified in the Royal Society of New Zealand Act 1997. The Society also receives other government assistance for specific purposes, and these grants usually contain restrictions on their use.

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

Note 17 Related parties

The Society has no significant transactions with related parties.

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Note 18 Financial Instrument Classification

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

Consolidated

As at 30 June 2011	Loans and	Other amortised	Total
	receivables	costs	
	\$000's	\$000's	\$000's
Cash and cash equivalents	4,431	-	4,431
Trade and other receivables	324	-	324
Investments	3,597	-	3,597
Trade and other payables	-	(1,144)	(1,144)
	8,352	(1,144)	7,208

As at 30 June 2012	\$000's	\$000's	\$000's
	Cash and cash equivalents	2,849	-
Trade and other receivables	590	-	590
Investments	963	-	963
Trade and other payables	-	(2,192)	(2,192)
	4,402	(2,192)	2,210

Parent

As at 30 June 2011	Loans and	Other	Total
	receivables	amortised Costs	
	\$000's	\$000's	\$000's
Cash and cash equivalents	3,988	-	3,988
Trade and other receivables	312	-	312
Investments	3,597	-	3,597
Trade and other payables	-	(1,139)	(1,139)
	7,897	(1,139)	6,758

As at 30 June 2012	\$000's	\$000's	\$000's
	Cash and cash equivalents	2,849	-
Trade and other receivables	577	-	577
Investments	25	-	25
Trade and other payables	-	(2,171)	(2,171)
	3,451	(2,171)	1,280