

**Royal Society of New Zealand**  
**Statement of Financial Performance**  
**for the 18 months ended 30 June 2002**

	30/06/2002 18 months	31/12/2000 12 months
<i>Income</i>		
Society membership	203,820	136,792
Income from products and services	7,245,060	4,004,391
Sponsorship and donations	491,107	415,898
Investment property	192,300	137,675
Interest	175,869	86,158
<b>Total income</b>	<b>8,308,156</b>	<b>4,780,914</b>
<i>Expenditure</i>		
Audit fees	27,000	27,000
Depreciation	175,340	108,221
Operating	4,177,133	2,249,751
Personnel	3,085,496	2,017,407
<b>Total expenditure</b>	<b>7,464,969</b>	<b>4,402,379</b>
<b>Net surplus</b>	<b>843,187</b>	<b>378,535</b>

**Royal Society of New Zealand**  
**Statement of Movements in Equity**  
**for the 18 months ended 30 June 2002**

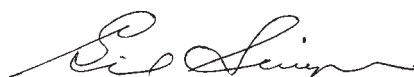
	Note	30/06/2002 18 months	31/12/2000 12 months
<i>The opening equity is made up as follows:</i>			
Accumulated funds		1,411,477	1,286,627
Property revaluation reserve		1,624,796	1,385,374
Investment property revaluation reserve		719,584	589,650
Designated funds		781,729	528,044
<b>Total opening equity</b>		<b>4,537,586</b>	<b>3,789,695</b>
Net surplus for the period		843,187	378,535
Revaluation of property		-	369,356
Revaluation of investment property		434,360	-
<b>Equity at the end of the period</b>		<b>5,815,133</b>	<b>4,537,586</b>
<i>The equity at the end of the period is made up as follows:</i>			
Accumulated funds	3	1,622,401	1,411,477
Property revaluation reserve	4	1,624,796	1,624,796
Investment property revaluation reserve	4	1,153,944	719,584
Designated funds	5	1,413,992	781,729
<b>Total equity at the end of the period</b>		<b>5,815,133</b>	<b>4,537,586</b>

## Royal Society of New Zealand

### Statement of Financial Position as at 30 June 2002

	Note	30/06/2002	31/12/2000
<i>Current assets</i>			
Cash and bank current accounts	6	54,669	24,216
Bank treasury call accounts	6	2,763,576	1,777,357
Bank USD account	6	111,260	13,311
Accounts receivable	7	321,328	189,966
Prepayments		113,350	27,742
Stock		43,874	37,568
<i>Total current assets</i>		<u>3,408,057</u>	<u>2,070,160</u>
<i>Non-current assets</i>			
Property, plant and equipment	8	2,098,034	2,158,662
Investment properties	9	1,805,000	1,370,640
<i>Total non-current assets</i>		<u>3,903,034</u>	<u>3,529,302</u>
<i>Total assets</i>		<u>7,311,091</u>	<u>5,599,462</u>
<i>Current liabilities</i>			
Accounts payable		613,640	521,825
Income in advance		690,076	380,693
Employee entitlements		192,242	159,358
<i>Total liabilities</i>		<u>1,495,958</u>	<u>1,061,876</u>
<b>Net assets</b>		<u>\$ 5,815,133</u>	<u>\$ 4,537,586</u>
<b>Equity</b>		<u>\$ 5,815,133</u>	<u>\$ 4,537,586</u>

The Council of the Royal Society of New Zealand authorised these financial statements for issue on 3 October 2002.



Sir Gil Simpson  
President



Dr Steve Thompson  
Chief Executive Officer

## Royal Society of New Zealand

### Statement of Cash Flows for the 18 months ended 30 June 2002

	Note	30/06/2002 18 months	31/12/2000 12 months
<i>Cash flows from operating activities</i>			
<i>Cash was provided from:</i>			
Interest		175,869	86,158
Other income		8,324,904	5,002,343
<i>Cash was applied to:</i>			
Expenses		7,271,440	4,244,597
<i>Net cash inflow from operating activities</i>		<u>1,229,333</u>	<u>843,904</u>
 <i>Cash flows from investing activities</i>			
<i>Cash was applied to:</i>			
Purchase of property plant and equipment		114,712	129,375
Net cash outflow from investing activities		<u>(114,712)</u>	<u>(129,375)</u>
Net increase (decrease) in cash held		1,114,621	714,529
Cash balance at the beginning of the period		1,814,884	1,100,355
<b>Cash balance at the end of the period</b>	6	<u>2,929,505</u>	<u>1,814,884</u>

## Royal Society of New Zealand

### Notes to the Financial Statements for the 18 months ended 30 June 2002

#### Note 1. Statement of accounting policies

##### **Reporting entity**

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

##### **Society operations**

The Society is an independent statutory body, exempt from income tax. Its membership 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 President and councillors are not remunerated.

The object of the Society is the advancement and promotion of science and technology in New Zealand. It does this by: fostering a culture within New Zealand that supports science and technology (promoting public awareness, knowledge, and understanding of science and technology; and advancing science and technology education); encouraging, promoting and recognising excellence in science and technology; providing an infrastructure and other support for the professional needs and development of scientists and technologists; establishing and administering for members a code of professional standards and ethics in science and technology; and providing expert advice on important public issues to the Government and the community.

The Society's revenue streams consist of; membership subscriptions, investment income, scientific journal subscriptions, sponsorship, donations and contract income. The most significant contract income relates to the management of seven contestable funds on behalf of government and the purchase of outputs by government. The contestable funds moneys are not recorded as Society revenue as ownership of these funds does not vest in the Society.

### ***Accounting convention***

The financial statements are prepared under the modified historical cost accounting method. Land and buildings owned by the Society are revalued periodically. The Society accounts for investment properties in accordance with SSAP 17. The financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 1993.

## **Accounting policies**

The financial statements are prepared in accordance with New Zealand generally accepted accounting practice. The accounting policies that materially affect the measurement of financial performance, financial position and cash flows are set out below.

### ***Revenue***

Revenue is accounted for as earned.

### ***Goods and services tax***

The financial statements are GST exclusive, except for receivables and payables.

### ***Accounts receivable***

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

### ***Inventory***

Inventory is recorded at the lower of cost or net realisable value.

### ***Foreign currency***

Transactions denominated in a foreign currency are converted to New Zealand dollars at the exchange rates in effect at the date of the transaction. Gains and losses due to fluctuations are included in the Statement of Financial Performance.

### ***Employee entitlements***

Provision has been made in respect of the Society's liability for annual leave, long service leave and retirement leave. This leave has been accrued for on an entitlement basis.

### ***Property, plant and equipment and depreciation***

All property, plant and equipment is initially recorded at cost. The net current value of the land and buildings (other than investment property) is assessed by an independent valuer every three years and book values adjusted accordingly. Depreciation of property, plant and equipment, other than freehold land which is not depreciated, is calculated on a straight line basis so as to allocate the cost of the assets, or the revalued amount, over their estimated useful lives as follows:

Buildings	30 and 40 years
Furniture	10 years
Computer (pre 1999) & Office Equipment	5 years
Computer Equipment (since 1 January 1999)	3 years

### ***Investment properties***

Investment properties are stated at open market value less estimated costs of disposal as determined by independent registered valuers at each balance date. Unrealised increases in the value of investment properties are included in the investment property revaluation reserve. Investment properties are not depreciated.

### ***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.

### ***Financial Instruments***

The Society is a party to financial instruments as part of its normal operations. These financial instruments include bank current accounts, bank treasury call accounts, a bank USD account, accounts receivable and accounts payable. Revenue and expenses in relation to financial instruments are recognised in the Statement of Financial Performance. Financial instruments are recognised at their fair value.

Credit risk is minimised through banking and making treasury investments only with New Zealand registered banks. The credit risk is limited to the carrying amount or book value shown in the financial statements. The Society is subject to fluctuations in foreign currency. It does not enter into arrangements to hedge currency risk. Interest rate risk is minimal as the Society makes short term investments.

### ***Cash***

Cash is considered to be cash on hand, current accounts and treasury call accounts.

### ***Changes in accounting policy***

There has been one accounting policy change from those used in the previous audited financial statements. The Society has two investment properties which in the past have been revalued and depreciated in accordance with FRS 3. They are now being treated in accordance with SSAP 17. This change has resulted in an investment property revaluation reserve of \$1,153,944.

## **Note 2. Change of balance date**

The Society has changed its balance date from 31 December to 30 June. These financial statements cover an 18 month period from 1 January 2001 to 30 June 2002.

## **Note 3. Accumulated funds**

	30-Jun-02 18 months	31-Dec-00 12 months
Opening accumulated funds	1,411,477	1,286,627
Surplus for the period	843,696	374,850
Transfer to designated funds	632,772	250,000
Closing accumulated funds	<u>1,622,401</u>	<u>1,411,477</u>

## Note 4. Revaluation reserves

	30-Jun-02 18 months	31-Dec-00 12 months
<b>Property revaluation reserve</b>		
Opening property revaluation reserve	1,624,796	1,385,374
Revaluation during the period	-	239,422
	<u>1,624,796</u>	<u>1,624,796</u>
<b>Investment property revaluation reserve</b>		
Opening investment property revaluation reserve	719,584	589,650
Revaluation during the period	434,360	129,934
	<u>1,153,944</u>	<u>719,584</u>

## Note 5. Designated purpose funds

	30-Jun-02 18 months	31-Dec-00 12 months
Opening balance	781,729	528,044
(Deficit)/surplus for the period	(509)	3,685
Transfers from accumulated funds	632,772	250,000
	<u>1,413,992</u>	<u>781,729</u>

The Society has a number of designated purpose funds, including a fund (called the Foundation Fund) that it is actively growing to enable it to continue existing Society awards. The funds are held in separate bank accounts. The income and expenditure relating to the designated funds is included in the Statement of Financial Performance.

## Note 6. Bank accounts

	30-Jun-02 Fair value	30-Jun-02 Interest rate	31-Dec-00 Fair value	31-Dec-00 Interest rate
Cash	500	-	166	-
Current accounts	54,169	1.00%	24,050	1.00%
Treasury call accounts	2,763,576	4.95%	1,777,357	6.40%
USD account	111,260	0.55%	13,311	4.75%
	<u>2,929,505</u>		<u>1,814,884</u>	

All the bank balances are held with a single counterparty (the Bank of New Zealand) and have an interest repricing period of less than one year.

## Note 7. Accounts receivable

	30-Jun-02 18 months	31-Dec-00 12 months
Gross Accounts Receivable	321,328	191,766
Less Provision for Doubtful Debts	-	1,800
Net Accounts Receivable	<u>321,328</u>	<u>189,966</u>

## Note 8. Property, plant and equipment

	Gross 30 Jun 02	Accumulated depreciation 30 Jun 02	Book value 30 Jun 02	Gross 31 Dec 00	Accumulated depreciation 31 Dec 00	Book value 31 Dec 00
<b>At cost</b>						
Furniture and fittings	149,969	84,761	65,208	133,363	71,627	61,736
Office equipment	196,515	127,073	69,442	169,496	101,385	68,111
Computer equipment	282,141	215,930	66,211	313,229	229,274	83,955
	<u>628,625</u>	<u>427,764</u>	<u>200,861</u>	<u>616,088</u>	<u>402,286</u>	<u>213,802</u>
<b>At valuation</b>						
Land	1,025,950	-	1,025,950	1,025,950	-	1,025,950
Buildings	918,910	47,687	871,223	918,910	-	918,910
	<u>1,944,860</u>	<u>47,687</u>	<u>1,897,173</u>	<u>1,944,860</u>	<u>-</u>	<u>1,944,860</u>
	<u>2,573,485</u>	<u>475,451</u>	<u>2,098,034</u>	<u>2,560,948</u>	<u>402,286</u>	<u>2,158,662</u>

The Society's freehold land and buildings are stated at their 15 December 2000 valuation as determined by an independent registered valuer, TelferYoung, less accumulated depreciation in the case of the buildings.

## Note 9. Investment properties

	30-Jun-02 18 months	31-Dec-00 12 months
Land	1,713,000	1,292,770
Buildings	92,000	77,870
	<u>1,805,000</u>	<u>1,370,640</u>

The Society's investment properties are stated at their 30 June 2002 valuation as determined by an independent registered valuer, TelferYoung.

## Note 10. Reconciliation of net cash flow from operating activities with net surplus

	30-Jun-02 18 months	31-Dec-00 12 months
Net Surplus per Statement of Financial Performance	843,187	378,535
<b>Add non-cash Item</b>		
Depreciation	175,340	108,221
<b>Add (deduct) movements in working capital items:</b>		
(Increase)/decrease in accounts receivable	(131,362)	151,235
(Increase)/decrease in prepayments	(85,608)	16,890
Decrease in work in progress	-	10,176
(Increase) in stock	(6,306)	(32,568)
Increase in accounts payable	124,699	47,287
Increase in income in advance	309,383	146,176
<b>Item classified as investing activity:</b>		
Loss on disposal of property, plant and equipment	-	17,952
<i>Net cash inflow from operating activities</i>	<u>1,229,333</u>	<u>843,904</u>

## Note 11. Contestable funds

	30-Jun-02 18 months	31-Dec-00 12 months
Opening contestable funds	8,666,382	10,526,258
Contestable funds received	47,553,026	28,763,000
Interest earned	723,943	256,464
Contestable funds paid out	50,038,030	30,879,340
Closing contestable funds	<u>6,905,321</u>	<u>8,666,382</u>

The Society manages seven contestable funds on behalf of government. The fund moneys shown in this note are not included in the Society's Statement of Financial Performance, Statement of Financial Position or Statement of Cash Flows, as ownership of the moneys is not vested in the Society. This note serves to highlight the significant funding administered by the Society.

## Note 12. Commitments

There were no operating or capital commitments at either 30 June 2002 or 31 December 2000.

## Note 13. Contingent liabilities

There were no contingent liabilities at 30 June 2002 (31 December 2000: \$30,000).