

Royal Society of New Zealand
Statement of Financial Performance
for the year ended 30 June 2005

	Note	30-Jun-05	30-Jun-04
<i>Income</i>			
Society membership		184,559	190,189
Income from products and services		4,057,768	4,322,017
Sponsorship and donations		397,080	471,508
Investment property		168,745	153,748
Interest		232,469	163,474
Operating Income		<u>5,040,621</u>	<u>5,300,936</u>
<i>Expenditure</i>			
Audit fees		25,200	24,000
Operating leases		7,236	10,115
Depreciation - furniture and equipment		29,169	38,988
Depreciation - computer equipment		55,569	53,224
Depreciation - buildings		22,042	27,429
Operating		2,227,604	2,357,998
Personnel		2,501,503	2,434,976
Operating Expenditure		<u>4,868,323</u>	<u>4,946,730</u>
Surplus from Operating Activities		<u>172,298</u>	<u>354,206</u>
Designated Purpose Funds	4		
<i>Income</i>			
Donations		394,830	3,278
Interest & Other Income		19,461	16,831
Total Income		<u>414,291</u>	<u>20,109</u>
<i>Expenditure</i>			
		<u>86,594</u>	<u>39,768</u>
Surplus from Designated Purpose Funds		<u>327,697</u>	<u>(19,659)</u>
Net surplus		<u>499,995</u>	<u>334,547</u>

Statement of Movements in Equity
for the year ended 30 June 2005

	Note	30-Jun-05	30-Jun-04
<i>The opening equity is made up as follows:</i>			
Accumulated funds		1,622,401	1,622,401
Property revaluation reserve		2,402,481	1,624,796
Investment property revaluation reserve		1,808,944	1,318,944
Designated purpose funds		2,378,175	2,043,628
Total opening equity		<u>8,212,001</u>	<u>6,609,769</u>
Net surplus for the year		499,995	334,547
Revaluation of property		-	777,685
Revaluation of investment property		345,000	490,000
Equity at the end of the year		<u>9,056,996</u>	<u>8,212,001</u>
<i>The equity at the end of the year is made up as follows:</i>			
Accumulated funds	2	1,622,401	1,622,401
Property revaluation reserve	3	2,402,481	2,402,481
Investment property revaluation reserve	3	2,153,944	1,808,944
Designated purpose funds	4	2,878,170	2,378,175
Total equity at the end of the year		<u>9,056,996</u>	<u>8,212,001</u>

This statement is to be read in conjunction with the notes on pages 4 to 8

Royal Society of New Zealand
Statement of Financial Position
as at 30 June 2005

	Note	30-Jun-05	30-Jun-04
<i>Current assets</i>			
Cash and bank current accounts	5	29,204	72,205
Treasury call accounts	5	317,462	3,820,956
Accounts receivable	6	302,526	295,752
Prepayments		94,682	48,246
Stock		11,000	5,000
<i>Total current assets</i>		<u>754,874</u>	<u>4,242,159</u>
<i>Investments</i>			
Term Deposits		1,100,000	-
Commercial Paper / Corporate Bonds		2,868,008	-
Fixed Term Securities		144,000	-
Agency Funds held on behalf		59,111	-
<i>Total Investments</i>	7	<u>4,171,119</u>	-
<i>Non-current assets</i>			
Property, plant and equipment	8	2,795,316	2,869,090
Investment properties	9	2,805,000	2,460,000
<i>Total non-current assets</i>		<u>5,600,316</u>	<u>5,329,090</u>
<i>Total assets</i>		<u>10,526,309</u>	<u>9,571,249</u>
<i>Current liabilities</i>			
Accounts payable and accrued expenses		609,394	638,603
Income in advance		576,708	468,174
Employee entitlements		283,211	252,471
<i>Total liabilities</i>		<u>1,469,313</u>	<u>1,359,248</u>
Net assets		<u>\$ 9,056,996</u>	<u>\$ 8,212,001</u>
Equity		<u>\$ 9,056,996</u>	<u>\$ 8,212,001</u>

The Council of the Royal Society of New Zealand authorised these financial statements for issue on 8th September 2005.

Dr Jim Watson FRSNZ
 President

Dr Steve Thompson
 Chief Executive Officer

Royal Society of New Zealand
Statement of Cash Flows
for the year ended 30 June 2005

	Note	30-Jun-05	30-Jun-04
<i>Cash flows from operating activities</i>			
<i>Cash was provided from:</i>			
Interest		222,192	180,305
Other income		5,334,480	5,054,810
<i>Cash was applied to:</i>			
Expenses		(4,899,042)	(4,469,666)
<i>Net cash inflow from operating activities</i>	10	<u>657,630</u>	<u>765,449</u>
<i>Cash flows from investing activities</i>			
<i>Cash was applied to:</i>			
Purchase of property plant and equipment		(33,006)	(112,407)
Purchase of Investments		(4,171,119)	(112,407)
<i>Net cash outflow from investing activities</i>		<u>(4,204,125)</u>	<u>(112,407)</u>
Net increase (decrease) in cash held		(3,546,495)	653,042
Cash balance at the beginning of the year		3,893,161	3,240,119
Cash balance at the end of the year	5	<u><u>346,666</u></u>	<u><u>3,893,161</u></u>

Royal Society of New Zealand

Notes to the Financial Statements for the year ended 30 June 2005

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. Cost of inventory is determined on an average cost basis.

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.

Tax Note

RSNZ is Income Tax exempt under section CB 4(1) (b) of the Income Tax Act 1994.

Statement of Cash Flows

The following are the definitions of the terms used in the statement of cash flows:

- (a) Operating activities includes all transactions and other events that are not investing or financing activities.
- (b) Investing activities are those activities relating to the acquisition, holding and disposal of property, plant and equipment and of investments. Investments can include securities not falling within the definition of cash.
- (c) Cash is considered to be cash on hand and current accounts in banks, net of bank overdrafts.

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
Office Equipment	5 years
Computer Equipment	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, accounts receivable and accounts payable. In the management of its Designated Purpose Funds the Society may also invest in Government Stock, Commercial Paper and Corporate Bonds provided that these meet specified credit rating risk criteria. Revenue and expenses in relation to financial instruments are recognised in the Statement of Financial Performance. Financial instruments are carried at the value at which they were purchased. At balance date this value approximates the fair value of the investments. 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.

Cash

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

Changes in accounting policy

There have been no accounting policy changes from those used in the previous audited financial statements.

Note 2. Accumulated funds

	30-Jun-05	30-Jun-04
Opening accumulated funds	1,622,401	1,622,401
Operating Surplus for the year	172,298	248,281
Transfer to designated funds	(172,298)	(248,281)
Closing accumulated funds	<u>1,622,401</u>	<u>1,622,401</u>

Note 3. Revaluation reserves

	30-Jun-05	30-Jun-04
Property revaluation reserve		
Opening property revaluation reserve	2,402,481	1,624,796
Revaluation during the year	-	777,685
Closing property revaluation reserve	<u>2,402,481</u>	<u>2,402,481</u>

	30-Jun-05	30-Jun-04
Investment property revaluation reserve		
Opening investment property revaluation reserve	1,808,944	1,318,944
Revaluation during the year	345,000	490,000
Closing investment property revaluation reserve	<u>2,153,944</u>	<u>1,808,944</u>

Note 4. Designated purpose funds

	Balance 2005	Income	Expenditure	Transfer	Balance 2004
Development Fund	2,372,806	1,889	75,273	393,038	2,053,152
Charles Fleming Fund	376,691	376,691	-	-	-
Bates Memorial Scholarship	58,702	3,784	5,497	-	60,415
Academy Fund	69,971	24,025	1,929	-	47,875
Presidents Fund	-	500	70	(14,057)	13,627
Thompson Fund	-	291	41	(8,175)	7,925
Awards Fund	-	7,111	3,784	(198,508)	195,181
Total	<u>2,878,170</u>	<u>414,291</u>	<u>86,594</u>	<u>172,298</u>	<u>2,378,175</u>

The Society has a number of designated purpose funds, including a fund (called the Development Fund) that it is actively growing to enable it to develop Society initiatives. During the year \$372,000 was received from the Charles A Fleming Trust and has been used to create the Charles Fleming Fund.

Note 5. Cash and Bank

	30-Jun-05	30-Jun-05	30-Jun-04	30-Jun-04
	\$	Interest rate	\$	Interest rate
Cash	500	-	500	-
Current accounts	28,704	0.25%	71,705	0.25%
Treasury call accounts	317,462	6.65%	3,820,956	5.65%
	<u>346,666</u>		<u>3,893,161</u>	

All the bank balances are held with a single counterparty (Bank of New Zealand)
The Society has a \$100,000 facility by way of BNZ Business Visa.

Note 6. Accounts receivable

	30-Jun-05	30-Jun-04
Gross Accounts Receivable	304,476	301,252
Provision for Doubtful Debts	(1,950)	(5,500)
Net Accounts Receivable	<u>302,526</u>	<u>295,752</u>

Note 7. Investments

	30-Jun-05	30-Jun-05	30-Jun-05	30-Jun-04
	\$	Interest rate	Maturities	\$
Term Deposits	1,100,000	6.85%	1-2 Mths	-
Commercial Paper / Corporate Bonds	2,868,008	6.87 - 7.05%	1-21 Mths	-
Fixed Term Securities	144,000	6.15 - 9.75%	6-38 Mths	-
Term Deposits on behalf of James Hay Travel	40,706	6.85%	2 Mths	-
Term Deposits on behalf of IGAC Conference	18,405	6.80%	12 Mths	-
	<u>4,171,119</u>			<u>-</u>

All the bank balances are held with a single counterparty (Bank of New Zealand). All investments are held in tradeable instruments and can be readily converted to cash.

Note 8. Property, plant and equipment

	Gross	Accumulated	Book value	Gross	Accumulated	Book value
	30-Jun-05	30-Jun-05	30-Jun-05	30-Jun-04	30-Jun-04	30-Jun-04
		depreciation			depreciation	
At cost						
Furniture and equipment	425,891	301,641	124,250	424,931	272,472	152,459
Computer equipment	448,883	375,775	73,108	416,881	320,250	96,631
	<u>874,774</u>	<u>677,416</u>	<u>197,358</u>	<u>841,812</u>	<u>592,722</u>	<u>249,090</u>
At valuation						
Land	1,845,000	-	1,845,000	1,845,000	-	1,845,000
Buildings	775,000	22,042	752,958	775,000	-	775,000
	<u>2,620,000</u>	<u>22,042</u>	<u>2,597,958</u>	<u>2,620,000</u>	<u>-</u>	<u>2,620,000</u>
	<u>3,494,774</u>	<u>699,458</u>	<u>2,795,316</u>	<u>3,461,812</u>	<u>592,722</u>	<u>2,869,090</u>

The Society's freehold land and buildings are stated at their 30 June 2004 valuation as determined by an independent registered valuer, TelferYoung. Valuations are carried out every three years.

Note 9. Investment properties

	30-Jun-05	30-Jun-04
Land	2,738,000	2,388,000
Buildings	67,000	72,000
	<u>2,805,000</u>	<u>2,460,000</u>

The Society's investment properties are stated at their 30 June 2005 valuation as determined by an independent registered valuer, TelferYoung.

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

	30-Jun-05	30-Jun-04
Net Surplus per Statement of Financial Performance	499,995	334,547
Add non-cash Item		
Depreciation	106,780	119,641
Add (deduct) movements in working capital items:		
Decrease/ (Increase) in accounts receivable	(6,774)	73,308
Decrease/(Increase) in prepayments	(46,436)	25,524
Decrease/(Increase) in stock	(6,000)	-
(Decrease)/Increase in accounts payable and accrued expenses	(29,209)	334,620
(Decrease)/Increase in income in advance	108,534	(159,238)
(Decrease)/Increase in employee entitlements	30,740	37,047
<i>Net cash inflow from operating activities</i>	<u>657,630</u>	<u>765,449</u>

Note 11. Contestable funds

	30-Jun-05	30-Jun-04
Opening contestable funds	8,354,954	9,403,270
Contestable funds received	39,763,725	48,572,194
Interest earned	346,954	372,235
Contestable funds paid out	(42,245,772)	(49,992,745)
Closing contestable funds	<u>6,219,861</u>	<u>8,354,954</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 capital commitments at either 30 June 2005 or 30 June 2004.
Operating lease commitments at 30 June 2005 are \$27,136. (\$34,373 at 30 June 2004)

Note 13. Contingent liabilities

There were no contingent liabilities at either 30 June 2005 or 30 June 2004.