

**Royal Society of New Zealand  
Financial statements  
for the year ended 30 June 2008**

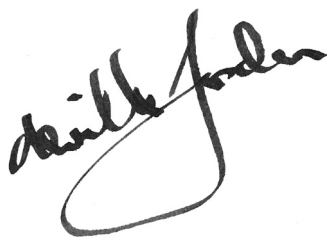
Councillors' Report	2
Auditor's Report	3
Income Statement	5
Statement of Changes in Equity	6
Balance Sheet	7
Note 1. General information	8
Note 2. Summary of significant accounting policies	8
Note 3. Transition to New Zealand Equivalents to International Financial Reporting Standards NZ IFRS)	11
Note 4. Retained earnings	12
Note 5. Designated purpose funds	12
Note 6. Cash and cash equivalents	12
Note 7. Trade and other receivables	12
Note 8. Investments and other financial assets	13
Note 9. Property, plant and equipment	13
Note 10. Investment properties	13
Note 11. Trade and other payables	14
Note 12. Income in advance	14
Note 13. Contestable funds	14
Note 14. Commitments	15
Note 15. Deposits held on behalf of third parties	15
Note 16. Contingent liabilities	15
Note 17. Remuneration of auditors	15
Note 18. Related Parties	15
Note 19. Events occurring after balance date	15
Note 20. Financial instrument classification	16
Note 21. Explanation of transition to New Zealand Equivalents to IFRS	16

**Royal Society of New Zealand  
Councillors' Report  
for the year ended 30 June 2008**

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 period ended 30 June 2008.

The Councillors of the Society have authorised these financial statements presented on pages 6 to 22 for issue on 4 September 2008.

For and on behalf of the Council.



Neville Jordan  
President  
12 November 2008



Di McCarthy  
CEO  
12 November 2008

## **Auditors' Report**

### **To the members of the Royal Society of New Zealand**

We have audited the financial statements on pages 5 to 18. The financial statements provide information about the past financial performance and cash flows of the Society for the year ended 30 June 2008 and its financial position as at that date. This information is stated in accordance with the accounting policies set out on pages 8 to 11.

#### **Council's Responsibilities**

The Society's Council is responsible for the preparation and presentation of the financial statements which give a true and fair view of the financial position of the Society as at 30 June 2008 and its financial performance for the year ended on that date.

#### **Auditors' Responsibilities**

We are responsible for expressing an independent opinion on the financial statements presented by the Council and reporting our opinion to you.

#### **Basis of Opinion**

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

- (a) the significant estimates and judgements made by the Council in the preparation of the financial statements; and
- (b) whether the accounting policies are appropriate to the circumstances of the Society, consistently applied and adequately disclosed.

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

We have no relationship with or interests in the Society other than in our capacity as auditors.

## **Auditors' Report Royal Society of New Zealand**

### **Unqualified Opinion**

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

In our opinion:

- (a) proper accounting records have been kept by the Society as far as appears from our examination of those records; and
- (b) the financial statements on pages 5 to 18:
  - (i) comply with generally accepted accounting practice in New Zealand; and
  - (ii) give a true and fair view of the financial position of the Society as at 30 June 2008 and its financial performance and cash flows for the year ended on that date.

Our audit was completed on 24 November 2008 and our unqualified opinion is expressed as at that date.

A handwritten signature in black ink, appearing to read "Priscilla Richard Cooper". The signature is written in a cursive style with a long horizontal line extending to the left.

**Royal Society of New Zealand  
Income Statement  
for the year ended 30 June 2008**

	Notes	2008 \$000s	2007 \$000s
<i>Revenue</i>			
Society membership		177	187
Income from products and services		5,322	5,550
Sponsorship and donations		550	480
<b>Total Revenue</b>		<b>6,049</b>	<b>6,217</b>
Rental of investment property	10	177	179
Changes in the fair value of investment property	10	–	790
Interest income		498	374
<b>Total other income</b>		<b>675</b>	<b>1,343</b>
<i>Expenditure</i>			
Audit expense	17	39	29
Operating lease expense		7	7
Depreciation expense		79	67
Employee benefits expense		2,996	3,126
Other expenses		3,036	2,983
<b>Total expenses</b>		<b>6,157</b>	<b>6,212</b>
<b>Net Surplus</b>		<b>567</b>	<b>1,348</b>

*The above income statements should be read in conjunction with the accompanying notes on pages X–ZZ*

For and on behalf of the Council.



Neville Jordan  
President  
12 November 2008



Di McCarthy  
CEO  
12 November 2008

**Statement of Changes in Equity  
for the year ended 30 June 2008**

	Notes	Designated purpose reserve \$000's	Property revaluation reserve \$000's	Retained earnings \$000's	Total equity \$000's
<b>Balance as at 1 July 2006</b>		<b>3,327</b>	<b>3,070</b>	<b>4,502</b>	<b>10,899</b>
Revaluation of property		–	489	–	489
Net surplus	4	–	–	1,348	1,348
Total recognised income		–	489	1,348	1,837
Transfer to reserves		583	–	(583)	–
<b>Balance at 30 June 2007</b>	<b>5</b>	<b>3,910</b>	<b>3,559</b>	<b>5,267</b>	<b>12,736</b>
Revaluation of property		–	217	–	217
Net surplus	4	–	–	567	567
Total recognised income		–	217	567	784
Transfer to reserves		549	–	(549)	–
<b>Balance at 30 June 2008</b>	<b>5</b>	<b>4,459</b>	<b>3,776</b>	<b>5,285</b>	<b>13,520</b>

## Balance Sheet for the year ended 30 June 2008

		2008	2007
	Notes	\$000's	\$000's
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	606	575
Trade and other receivables	7	837	452
Investments and other financial assets	8	5,607	5,314
Prepayments		86	73
Inventories		11	11
<b>Total current assets</b>		<b>7,147</b>	<b>6,425</b>
<b>Non-current assets</b>			
Property, plant and equipment	9	4,232	3,961
Investment properties	10	4,320	4,320
<b>Total non-current assets</b>		<b>8,552</b>	<b>8,281</b>
<b>Total assets</b>		<b>15,699</b>	<b>14,706</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	11	859	817
Income in advance	12	1,023	859
Employee entitlements		297	294
<b>Total current liabilities</b>		<b>2,179</b>	<b>1,970</b>
<b>Total liabilities</b>		<b>2,179</b>	<b>1,970</b>
<b>Net assets</b>		<b>13,520</b>	<b>12,736</b>
<b>EQUITY</b>			
Retained Earnings	4	5,285	5,267
Property revaluation reserve		3,776	3,559
Designated purpose reserve	5	4,459	3,910
<b>Equity</b>		<b>13,520</b>	<b>12,736</b>

The above income statements should be read in conjunction with the accompanying notes on pages 8–18

For and on behalf of the Council.



Neville Jordan  
President  
12 November 2008



Di McCarthy  
CEO  
12 November 2008

## Notes to the Financial Statements for the year ended 30 June 2008

### Note 1. General information

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. The address of its registered office is 4 Halswell Street, Wellington.

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;
- providing expert advice on important public issues to the Government and the community.

### Note 2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Generally Accepted Accounting Practice 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.

#### **(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.

##### *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 the requirements of the Financial Reporting Act 1993.

##### *Differential reporting*

The Society is a qualifying entity within the Framework of Differential Reporting. The Society qualifies on the basis that it has less than 50 employee and total income below \$20 million. The Society has taken advantage of all differential reporting concessions available to them except for NZIAS 18 Revenue paragraph NZ6.1 with which it has complied with fully.

#### **(b) Application of NZ IFRS 1 First-time Adoption of New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS 1)**

Financial statements until 30 June 2007 had been prepared in accordance with previous New Zealand Financial Reporting Standards (NZ FRS). NZ FRS differs in certain respects from NZ IFRS. When preparing the Society's financial statements for the year ended 30 June 2008, management has amended certain accounting and valuation methods applied in the previous NZ FRS financial statements to comply with NZ IFRS. The comparative figures were restated to reflect these adjustments.



Reconciliations and descriptions of the effect of transition from previous NZ FRS to NZ IFRS on the Society's equity and net surplus are given in Note 21.

In preparing these financial statements in accordance with NZ IFRS 1 the society has applied certain mandatory exemptions from full retrospective application of NZ IFRS. Further details are given in note 3.

**(c) Foreign currency translation**

*(i) Functional and presentation currency*

The financial statements are presented in New Zealand dollars, which is the Society's functional and presentation currency.

*(ii) 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 income statement.

**(d) Revenue recognition**

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

*(i) Sales of publications*

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

*(ii) Sales of services*

Sales of services are recognised in the accounting period in which the 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 services to be provided.

*(iii) Interest income*

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Society reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

*(v) Rental income*

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

*(vii) Grants*

Grants received are recognised in the income statement when the requirements under the grant agreement have been met.

**(e) Goods and Services Tax (GST)**

The income statement 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.

**(f) Leases**

*(i) The Society 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 income statement on a straight-line basis over the period of the lease.

*(ii) The Society is the lessor*

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

***(g) 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.

***(h) 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 Society will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

***(i) Investments and other financial assets***

The Society classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held to maturity investments and available for sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at the initial recognition and re-evaluates this designation at every reporting date.

***(i) 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 Society 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' in the balance sheet.

***(ii) Held-to-maturity investments***

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the society's management has the positive intention and ability to hold to maturity.

***(j) Property, plant and equipment***

All plant and equipment 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 Society and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement 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 income statement.

Land and buildings are revalued annually with changes in the assessed fair value of the property being recorded directly to the property revaluation reserve.

**(k) Investment property**

Investment property is revalued annually with changes in the assessed fair value of the property being recorded in the income statement.

**(l) Trade and other payables**

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

**(m) Employee benefits**

Liabilities for wages and salaries, including non-monetary benefits, annual leave, and accumulating sick 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.

The liability for employee entitlements is carried at the present value of the estimated future cash flows.

**(n) Changes to accounting policies**

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

**Note 3. Transition to New Zealand Equivalents to International Financial Reporting Standards NZ IFRS**

Application of NZ IFRS 1 *First-time Adoption of New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS 1)*

The Society's financial statements for the year ended 30 June 2008 are the first annual financial statements that comply with NZ IFRS and NZ IFRS 1 has been applied in their preparation. These financial statements have been prepared as described in note 2(a).

The Society's transition date is 1 July 2006. The Society prepared their opening NZ IFRS balance sheet at that date. The reporting date of these financial statements is 30 June 2008. The Society's NZ IFRS adoption date is 1 July 2007.

In preparing these financial statements in accordance with NZ IFRS 1, the Society has applied the mandatory exceptions from full retrospective application of NZ IFRS. No optional exemptions from full retrospective application of NZ IFRS have been applied as they were not considered relevant.

Estimates under NZ IFRS at 30 June 2007 are required to be consistent with estimates made for the same date under previous NZ FRS, unless there is evidence that those estimates were in error. No adjustments to previous estimates have been made by management.

The reconciliations in note 21 provide a quantification of the effect of the transition to NZ IFRS. The three reconciliations provide details of the impact of the transition on:

- net surplus for the year ended 30 June 2007
- equity at 1 July 2006
- equity at 30 June 2007

#### Note 4. Retained earnings

	30 June 2008	30 June 2007
	\$000's	\$000's
Opening retained earnings	5,267	4,502
Operating surplus for the year	567	1,348
Transfer to designated purpose reserve	(549)	(583)
Closing retained earnings	5,285	5,267

#### Note 5 Designated purpose funds

	Balance 2007	Income	Expenditure	Transfer	Balance 2008
	\$000's	\$000's	\$000's	\$000's	\$000's
Development Fund	3,358	42	(56)	549	3,893
Charles Fleming Fund	410	31	(23)	–	418
Bates Memorial Scholarship	61	5	(5)	–	61
Academy Fund	81	6	–	–	87
<b>Total</b>	<b>3,910</b>	<b>84</b>	<b>(84)</b>	<b>549</b>	<b>4,459</b>

The Society has a number of designated purpose funds. Each year net surpluses excluding investment property revaluations are transferred to the Development Fund. Earnings from this Fund are used to support Society programmes which do not have other sufficient sources of revenue. 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. The Bates Memorial Scholarship is to support a graduate who is registered for the Degree of Doctor of Philosophy in the Physical Sciences and Engineering. The Academy Fund is available for use at the discretion of the Academy President.

#### Note 6. Cash and cash equivalents

	30 June 2008	30 June 2008	30 June 2007	30 June 2007
	\$000's	Interest rate	\$000's	Interest rate
Cash	1	–	–	–
Current accounts	239	0.25%	138	0.25%
Treasury call accounts	366	8.15%	437	7.90%
	606		575	

All the bank balances are held with a single counterparty (Bank of New Zealand). The Society has a \$322,000 facility by way of BNZ Business Visa.

#### Note 7. Trade and other receivables

	30 June 2008	30 June 2007
	\$000's	\$000's
Gross accounts receivable	884	454
Provision for credit notes	(47)	(2)
Net accounts receivable	837	452

There are no related party receivables in these balances.

**Note 8. Investments and other financial assets**

	30 June 2008	30 June 2008	30 June 2007	30 June 2007
	\$000's	Interest rate	\$000's	Interest rate
Term deposits	5,543	7.33 – 8.81%	5,200	7.55 – 8.25%
Corporate bonds	64	7.00 – 8.00%	114	7.00 – 9.75%
	<u>5,607</u>		<u>5,314</u>	

All the term deposits are held with a single counterparty (Bank of New Zealand).

**Note 9. Property, plant and equipment**

	Gross	Accumulated	Book value	Gross	Accumulated	Book value
	30 June	depreciation	30 June	30 June	depreciation	30 June
	2008	30 June 2008	2008	2007	30 June 2007	2007
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
<b>At cost</b>						
Furniture and equipment	521	371	150	464	346	118
Computer equipment	593	501	92	519	461	58
	<u>1,114</u>	<u>872</u>	<u>242</u>	<u>983</u>	<u>807</u>	<u>176</u>
<b>At valuation</b>						
Land	3,330	–	3,330	3,305	–	3,305
Buildings	660	–	660	480	–	480
	<u>3,990</u>	<u>–</u>	<u>3,990</u>	<u>3,785</u>	<u>–</u>	<u>3,785</u>
	<u>5,104</u>	<u>872</u>	<u>4,232</u>	<u>4,768</u>	<u>807</u>	<u>3,961</u>

The Society's freehold land and buildings are stated at their 30 June 2008 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.

**Note 10. Investment properties**

	30 June 2008	30 June 2007
	\$000's	\$000's
Land – fair value opening balance	4,320	3,530
Revaluation of Investment property	–	790
Land – fair value closing balance	<u>4,320</u>	<u>4,320</u>
<i>Investment properties</i>		
Revenue	177	179
Expenditure	62	39
Net Surplus	<u>115</u>	<u>140</u>

The Society's freehold land and buildings are stated at their 30 June 2008 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 investment property at 15 Turnbull St, with a land value of \$620,000, is in July 2008, being converted to office accommodation for the society. This property will then transfer from Investment properties to Property plant and equipment.

**Note 11. Trade and other payables**

	<b>30 June 2008</b>	<b>30 June 2007</b>
	<b>\$000's</b>	<b>\$000's</b>
Creditors	394	405
Employee benefits accruals	257	205
Other accruals	165	185
GST payable	43	22
	<u>859</u>	<u>817</u>

Employee benefits include allowances for staff bonuses and ACC. There are no payables to related parties in these balances.

**Note 12. Income in advance**

	<b>30 June 2008</b>	<b>30 June 2007</b>
	<b>\$000's</b>	<b>\$000's</b>
Publishing journals	215	232
Membership subscriptions	42	76
Other	766	551
	<u>1,023</u>	<u>859</u>

Other income in advance includes all revenue received but attributable to work to be carried out subsequent to 30 June. Journal and Membership income is 2008 calendar revenue received prior to 30 June which relates to the period 1 July to 31 December.

**Note 13. Contestable funds**

	<b>30 June 2008</b>	<b>30 June 2007</b>
	<b>\$000's</b>	<b>\$000's</b>
Opening contestable funds	10,718	5,366
Contestable funds received	48,678	46,015
Interest earned	1,112	517
Contestable funds paid out	<u>(43,403)</u>	<u>(41,180)</u>
Closing contestable funds	<u>17,105</u>	<u>10,718</u>

The Society managed nine contestable funds on behalf of government in the year ended 30 June 2008.

The fund monies shown in this note are not included in the Society's Income Statement or Balance Sheet, as ownership of the monies is not vested in the Society.

This note serves to highlight the significant funding administered by the Society. The Society received \$2.5 m in administration fees from MoRST in 2008 financial year. (\$2.3 m in 2007 financial year)

The Society managed eight funds in the year ended 30 June 2007.

**Note 14. Commitments**

There were no capital commitments at 30 June 2008. (Nil also at 30 June 2007)

	30 June 2008 \$000's	30 June 2007 \$000's
Operating lease commitments for RSNZ are:		
Less than one year	5	7
More than 1 year but less than 2 years	–	5
More than 2 years but less than 5 years	–	–
TOTAL	5	13

**Note 15. Deposits held on behalf of third parties**

	30 June 2008 \$000's	30 June 2008 Interest rate	30 June 2007 \$000's	30 June 2007 Interest rate
Term deposits on behalf – James Hay	41	8.75%	41	7.76%
Term deposits on behalf – IGAC	5	8.58%	10	6.70%
Term deposits on behalf – Ecohydraulics	24	8.50%	–	–
Term deposits on behalf – Rutherford Fund	7	8.50%	–	–
	77		51	

The Society has been entrusted to administer these funds for stated purposes at future dates. Ownership of the funds does not rest with the society. These accounts are separated out from the accounts of the Society.

**Note 16. Contingent liabilities**

There were no contingent liabilities at either 30 June 2008 or 30 June 2007.

**Note 17. Remuneration of auditors**

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

	2008 \$000's	2007 \$000's
Statutory audit services	29	29
Other assurance services	10	–
Total remuneration for assurance services	39	29

**Note 18. Related Parties**

The Society has no significant transactions with related parties.

**Note 19. Events occurring after balance date**

There are no significant events subsequent to balance date.

## Note 20. Financial instrument classification

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

	<b>Loans and receivables</b>	<b>Held to maturity</b>	<b>Other amortised cost</b>	<b>Total</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
As at 30 June 2008				
Cash and cash equivalents	606	–	–	606
Trade and other receivables	837	–	–	837
Investments	5,543	64	–	5,607
Trade and other payables	–	–	(859)	(859)
<b>Total</b>	<b>6,986</b>	<b>64</b>	<b>(859)</b>	<b>6,191</b>
<hr/>				
	<b>Loans and receivables</b>	<b>Held to maturity</b>	<b>Other amortised cost</b>	<b>Total</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
As at 30 June 2007				
Cash and cash equivalents	575	–	–	575
Trade and other receivables	452	–	–	452
Investments	5,200	114	–	5,314
Trade and other payables	–	–	(817)	(817)
<b>Total</b>	<b>6,227</b>	<b>114</b>	<b>(817)</b>	<b>5,524</b>

## Note 21. Explanation of transition to New Zealand Equivalents to IFRS

(1) Reconciliation of equity reported under previous New Zealand Financial Reporting Standards (NZ FRS) to equity under New Zealand Equivalents to IFRS (NZ IFRS)

(a) At the date of transition to NZ IFRS: 1 July 2006

	<b>Previous NZ FRS</b>	<b>Effect of transition to NZ IFRS</b>	<b>NZ IFRS</b>
	<b>\$000'S</b>	<b>\$000'S</b>	<b>\$000'S</b>
<i>Current assets</i>			
Cash and cash equivalents	223	–	223
Trade and other receivables	280	–	280
Investments and other financial assets	5,093	(51) (a)	5,042
Prepayments	60	–	60
Inventories	11	–	11
<i>Total current assets</i>	<u>5,667</u>	<u>(51)</u>	<u>5,616</u>
<i>Non-current assets</i>			
Property, plant and equipment	3,389	–	3,389
Investment properties	3,530	–	3,530
<i>Total non-current assets</i>	<u>6,919</u>	<u>–</u>	<u>6,919</u>
<i>Total assets</i>	<u>12,586</u>	<u>(51)</u>	<u>12,535</u>



<i>Current liabilities</i>				
Trade and other payables	679	(51)	(a)	628
Income in advance	700	–		700
Employee entitlements	283	25	(b)	308
<i>Total current liabilities</i>	1,662	(26)		1,636
<i>Total liabilities</i>	1,662	(26)		1,636
<b>Net assets</b>	<b>10,924</b>	<b>(25)</b>		<b>10,899</b>
Retained earnings / designated purpose reserves	4,975	2,854		7,829
Property revaluation reserve	3,070	–		3,070
Investment property revaluation reserve	2,879	(2,879)	(c)	–
<b>Equity</b>	<b>10,924</b>	<b>(25)</b>		<b>10,899</b>

*(b) At the end of the last reporting period under previous NZ FRS: 30 June 2007*

	Previous NZ FRS \$000's	Effect of transition to NZ IFRS \$000's		NZ IFRS \$000's
<i>Current assets</i>				
Cash and cash equivalents	138	437		575
Trade and other receivables	452	–		452
Investments and other financial assets	5,802	(488)	(a) (d)	5,314
Prepayments	73	–		73
Inventories	11	–		11
<i>Total current assets</i>	6,476	(51)		6,425
<i>Non-current assets</i>				
Property, plant and equipment	3,961	–		3,961
Investment properties	4,215	105		4,320
<i>Total non-current assets</i>	8,176	105	(c)	8,281
<i>Total assets</i>	14,652	54		14,706
<i>Current liabilities</i>				
Trade and other payables	868	(51)	(a)	817
Income in advance	859	–		859
Employee entitlements	269	25	(b)	294
<i>Total current liabilities</i>	1,996	(26)		1,970
<i>Total liabilities</i>	1,996	(26)		1,970
<b>Net assets</b>	<b>12,656</b>	<b>80</b>		<b>12,736</b>
Retained earnings / designated purpose reserves	5,533	3,644		9,177
Property revaluation reserve	3,559	–		3,559
Investment property revaluation reserve	3,564	(3,564)	(c)	–
<b>Equity</b>	<b>12,656</b>	<b>80</b>		<b>12,736</b>

**Note 21. Explanation of transition to New Zealand Equivalents to IFRS (continued)**

**(2) Reconciliation of surplus for the year ended 30 June 2007**

	Previous NZ FRS \$000's	Effect of transition to NZ IFRS \$000's		NZ IFRS \$000's
<i>Revenue</i>				
Society membership	187	–		187
Income from products and services	5,504	46		5,550
Sponsorship and donations	480	–		480
<b>Total Revenue</b>	<b>6,171</b>	<b>46</b>	<b>(e)</b>	<b>6,217</b>
Rental of investment property	179	–		179
Changes in the fair value of investment property	–	790	(c)	790
Interest income	374	–		374
<b>Total other income</b>	<b>553</b>	<b>790</b>		<b>1,343</b>
<i>Expenditure</i>				
Audit expense	29	–		29
Operating lease expense	7	–		7
Depreciation expense	67	–		67
Employee benefits expense	3,126	–		3,126
Other expenses	2,861	122	(b) (e)	2,983
Total expenses	6,090	122		6,212
<b>Net Surplus excluding designated purpose funds</b>	<b>634</b>	<b>714</b>		<b>1,348</b>
Income from Designated Purpose Funds	46	(46)	(e)	–
Expenditure on Designated Purpose Funds	(98)	98	(e)	–
<b>Net Surplus including designated purpose funds</b>	<b>582</b>	<b>766</b>		<b>1,348</b>

(a) Upon transition to NZ IFRS the society has derecognised funds administered upon the behalf of third parties from the balance sheet. These amounts are now disclosed in note 13.

(b) The Society has recognised an accrual for non vesting sick leave liabilities and for unvested long service leave.

(c) Consistent with the requirements of NZ IAS 40 the investment property revaluation reserve has been eliminated and revaluation gains and loss are now transferred through income statement. Under FRS properties were carried at their fair value less disposal cost. Under NZ IFRS properties are carried at their fair value.

(d) Term deposits at call have been reclassified from investments to cash and cash equivalents

(e) Income and expenditure from designated funds have been brought into the main operating income statement of the society to simplify presentation