

Annual Report
of the
Asia New Zealand Foundation
for the year ended 30 June 2015

*Presented to the House of Representatives
pursuant to the Crown Entities Act 2004
and the Public Finance Act 1989*



THE MINISTER OF FOREIGN AFFAIRS

In accordance with the Crown Entities Act 2004 and the Public Finance Act 1989, I present, on behalf of the Asia New Zealand Foundation Board of Trustees, the annual report on the operations of the Foundation for the year ended 30 June 2015.

A handwritten signature in black ink, appearing to read 'John Luxton', with a stylized, cursive script.

HON. JOHN LUXTON
Chairman

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MISSION STATEMENT

The Asia New Zealand Foundation's mission is to build and sustain New Zealanders' knowledge and understanding of the countries, people, cultures and languages of Asia, so they can develop more extensive and effective economic and cultural relationships in the region.

CHAIRMAN'S REPORT

In the 20 years since its establishment, the Asia New Zealand Foundation has evolved beyond its original terms of reference into an independent organisation with its own institutional identity. As the tangible expression of New Zealand's commitment to an ongoing relationship with the countries and the peoples of Asia, the Foundation is not only a source of readily accessible Asia-related expertise and information, but also a facilitator, forging and fostering meaningful people-to-people and organisational links throughout the region.

As the leading non-government organisation on New Zealand-Asia relations, our range of programmes and activities is broad and far-reaching and designed to equip New Zealanders with the knowledge and experience to thrive in the Asian century. We focus on five key areas: business, education, arts and culture, media and research, as well as a leadership network.

Celebrating the Foundation's 20th anniversary during the 2014/15 financial year was an opportunity not only to reflect on our achievements but also to set our sights on how we want to shape the future. It is perhaps an irony that the more we do the more there remains to be done.

The Foundation has been surveying New Zealanders about their attitudes towards Asia for nearly two decades. As the latest *New Zealanders' Perceptions of Asia and Asian Peoples* survey shows, there is growing recognition of the need for New Zealanders to truly engage with Asia. One sign of this is the finding that, aside from English, Chinese is now seen as the most valuable language for children to learn.

Yet New Zealanders still are not as familiar with the cultures of Asia as they are with those of Australia, Europe and the United States. This will need to change if we are going to engage confidently with Asian countries and their peoples.

In the past financial year, 2014/15, the Foundation continued to successfully lead New Zealand down the path of developing stronger relationships in Asia. The continuum of progress has never been greater nor the opportunities so promising.

Given the wide range of activities in which we are involved, it is easy to forget that the Foundation is a small organisation with limited resources. It is a credit to the team at the Foundation that through their energy, enthusiasm and professionalism we have continued to deliver incredible value for money and outstanding results for the Foundation's funders in government and the private sector.

In October 2014 John McKinnon stood down as the Foundation's executive director to take up the role of New Zealand ambassador to China. In June 2015 it was with great pleasure that I announced the appointment of Simon Draper, an experienced diplomat who was a lead figure in New Zealand's successful bid for a seat on the United Nations Security Council. I am delighted that the board has found such a capable person, who has a strong record of international engagement, to carry on the work of the Foundation.

I would like to acknowledge the excellent contribution of Adele Mason, deputy executive director, for successfully holding the fort and continuing to lead the Foundation team following John McKinnon's departure.

May I also acknowledge the outstanding contribution of the Foundation's 14 honorary advisers.

I would also like to thank retiring chairman Philip Burdon, who has been a driving force for the Foundation for much of the past two decades, and retiring board members Ken Douglas, Richard Nottage, Vino Ramayah, Sir Ken Stevens and Bryan Williams for their significant contribution to the Foundation's Board of Trustees.

I welcome to the Foundation's board two new deputy chairmen, Steve Maharey, vice-chancellor of Massey University and former cabinet minister, Simon Murdoch, former secretary of foreign affairs and trade, and new board members Rob Fyfe, chief executive of Icebreaker, Traci Houppa, chair of the Federation of Māori Authorities, Ian Kennedy, chairman of the New Zealand committee of the Japan New Zealand Business Council, Lyn Lim, co-founder and partner at law firm Forest Harrison, barrister and solicitor of the High Court of New Zealand, and Mitchell Pham, Vietnam-New Zealand business and social entrepreneur, and co-founder and director of Augen Software Group.

My thanks to the Prime Minister, the Minister of Foreign Affairs, other ministers and parliamentarians from all parties who have participated in and supported the Foundation's activities throughout the year, to my fellow members of the Board of Trustees and to our corporate partners for their continued support.

Finally, my appreciation to the Ministry of Foreign Affairs and Trade, New Zealand Trade and Enterprise and the Robertson Foundation for their commitment to the Foundation.

A handwritten signature in black ink, appearing to read 'John Luxton', with a stylized, flowing script.

HON. JOHN LUXTON
Chairman
7 October 2015

EXECUTIVE DIRECTOR'S REPORT

I took up the role of Executive Director on 31 August 2015. During the last nine months of the reporting period Adele Mason was the Acting Executive Director, and I and the board would like to thank her for the excellent work over this period. As Acting Executive Director, Adele has reported to me that ...

In 2014/15, with the assistance of our wide network of partners, the team at the Asia New Zealand Foundation continued to work tirelessly to strengthen New Zealand's links with Asia.

During the year, in partnership with AUT University, ANZ, Beca and the New Zealand China Business Council, the Foundation's business programme offered a range of outstanding networking opportunities for New Zealand business people.

Our business programme continued to enable New Zealanders to gain valuable work experience in Asia through internships with organisations in the region, such as KPMG in Vietnam and the Industrial Technology Research Institute in Taiwan.

The Foundation also brought 15 of Southeast Asia's leading entrepreneurs to New Zealand to participate in the ASEAN Young Business Leaders Initiative, and put in place plans for this exciting project to be reciprocal and enable New Zealand entrepreneurs to visit Southeast Asia.

2014/15 was a strong year for the Foundation's Leadership Network, with a particular focus on enhancing member engagement. Given that more than a third of the Network lives overseas, keeping members connected continued to be a priority.

Helping New Zealand educators to become 'Asia Equipped' so that they in turn can equip students to thrive in the Asian century continued to be the focus of the Foundation's education programme in 2014/15.

Amongst the many excellent opportunities for New Zealand teachers to extend their knowledge of the Asian region and Asian languages, the Foundation held the Shanghai Business Forum, which provided on-the-ground insights into China's business environment and inspired educators to include more content about the country in their teaching. Technology teachers were given the opportunity to visit Tokyo, Japan.

A highlight of the Foundation's arts and culture programme was the presentation of *Imagine Asia, New Zealand artists respond to contemporary Asia*, a retrospective exhibition of the work of artists who have been in our artist residency programmes since 2007. The highly successful exhibition at Pataka Art + Museum was visited by more than 56,000 people.

Tens of thousands of people attended the Foundation's 13th Diwali Festivals of Lights, organised in partnership with Auckland Tourism, Events and Economic Development (ATEED) and Wellington City Council.

The Year of the Sheep also delivered capacity crowds for the 2015 Lantern Festival in Auckland's Albert Park, organised in partnership with ATEED. Following the Festival, the Foundation took visiting Wushu performers from Shanghai and puppeteers from Guangzhou to schools in Auckland and Rotorua.

The Foundation also signed a three-year contract with Creative New Zealand to deliver professional development opportunities in North Asia, Singapore and Hong Kong.

Through our long-running media programme, the Foundation continued to support New Zealand journalists to travel to Asia independently to conduct research in China, Hong Kong, India, Indonesia, Japan, Myanmar, Nepal, the Philippines, Singapore and Thailand.

The Foundation continued to support graduates and young working journalists on media internships, including at the *International New York Times* in Hong Kong, *Deccan Herald* in India, *Shanghai Daily* in China, *Bangkok Post* in Thailand, CNBC Asia in Singapore, and *The Philippine Star* in the Philippines.

In 2014/15 the Foundation contributed to various Track II (informal diplomacy) dialogues and organised several of its own Track II roundtables, including with Dr Mary Boyd of the Economist Intelligence Unit. Dialogues were held in Wellington with Vietnam, as well as with ASEAN/Australia in Kuala Lumpur in Malaysia, India in New Delhi and Yangon in Myanmar. A new '15 + 15' initiative connecting young people to Track II processes was held with Indonesia's Habibie Center.

Research on New Zealand trade policy in Asia by Victoria University of Wellington's John Leslie was released in January, and the University of Auckland's Wardlow Friesen released a report on Asian Auckland in March. The annual *New Zealanders' Perceptions of Asia and Asian Peoples* survey by Colmar Brunton was released in April.

I would like to thank the team for continuing to deliver such outstanding results, our board members and honorary advisers for their guidance and support, and members of parliament and our core sponsors and external partners for their continued commitment.

A handwritten signature in black ink, appearing to read 'S. Draper', with a long horizontal flourish extending to the right.

SIMON J DRAPER
Executive Director
7 October 2015

THE YEAR AT A GLANCE

In the past financial year, 2014/15, the Asia New Zealand Foundation has continued to strengthen New Zealand's engagement with Asian countries and people of Asia.

Following is a snapshot of the past year's achievements.



Business

15 of Southeast Asia's leading entrepreneurs

were brought to New Zealand by the Foundation to share ideas with their New Zealand counterparts

9 university students or graduates

undertook business internships in **five Asian countries** (China, Indonesia, Japan, Taiwan and Vietnam)

10 business networking functions

were organised by the Foundation

2 Start-up Secrets events

celebrating entrepreneurship in Southeast Asia and New Zealand



Arts and Culture

56,634 people visited

the Foundation's presentation *Imagine Asia, New Zealand artists respond to contemporary Asia* at the Pataka Art + Museum, Porirua

250,000 people visited

the Auckland Lantern Festival, Auckland and Wellington Diwali Festivals and the Southeast Asian Night Market in Wellington

68 artist residencies and grants



Track II (informal diplomacy)

The Foundation contributed to and organised

18

Track II (informal diplomacy) dialogues and roundtables



Leadership Network

328
members

64% in New Zealand

21% in Asia

15% Global

293 members participated in **19 meetings**, offshore opportunities and a variety of networking events, business and political briefings



Education

38

New Zealand educators experienced **four** in-country visits in Asia (China, Indonesia, Japan and Singapore)

19 New Zealand journalists were sent to **10 Asian countries**

China, Hong Kong, India, Indonesia, Japan, Myanmar, Nepal, Philippines, Singapore and Thailand

400

New Zealand educators were involved with **17 events** organised specifically for them by the Foundation



Media



Communications

13

Onsite consultations with schools resulting in individual action

296,414
pages seen

by **123,601 visitors** on the Foundation's website

3,900
people

subscribed to the Foundation's monthly email newsletter

489

Educators subscribed to the Schools email newsletter

GOVERNANCE AND ACCOUNTABILITY STATEMENT

Role of the board

The Minister of Foreign Affairs (the Responsible Minister) has appointed a governing board. The board's governance responsibilities include:

- Communicating with the Responsible Minister and other stakeholders to ensure their views are reflected in the Foundation's planning
- Delegating responsibility to the executive director for the achievement of specific objectives
- Monitoring organisational performance and the achievement of objectives
- Accounting to the Responsible Minister on plans and progress against them
- Maintaining effective systems of internal control
- Setting strategic direction
- Approving policies
- Delegating authority to the executive director

Structure of the Asia New Zealand Foundation

ASIA NEW ZEALAND FOUNDATION OPERATIONS

The board has appointed the executive director to manage all of the Foundation's operations. All other employees of the Foundation have been appointed by the executive director. The board directs the executive director by setting policy and delegating responsibility and authority for the achievement of objectives.

BOARD COMMITTEES

The board may set up committees to provide a more detailed level of focus on particular issues. Committees are delegated responsibility for governance, policy-making and monitoring of the organisation's progress towards meeting objectives stated in policies. Committees do not involve themselves in operational matters. The board has established an executive committee to assist in strategy planning, managing and monitoring the performance of the executive director and monitoring organisational performance and reporting. In addition the board maintains an audit and risk committee that meets each year with the external auditor. During 2014/15 an executive appointments committee was established to manage the recruitment of a new executive director.

QUALITY ASSURANCE

The executive director is responsible for reporting to the board, which in turn reports to the Responsible Minister on the achievement of objectives. These are set out in the organisation's strategic plan that is approved by the board.

Governance philosophy

BOARD MEMBERSHIP

Board members are appointed by the Responsible Minister. The board is composed of members who have diverse skills and experience in order to bring a wide range of thought to bear on policy issues. Once appointed, all members are required to act in the best interests of the Foundation.

CONNECTION WITH STAKEHOLDERS

The board acknowledges its responsibility to keep in touch with stakeholders, including the Responsible Minister.

DIVISION OF RESPONSIBILITY BETWEEN THE BOARD AND MANAGEMENT

A key to the efficient running of the Foundation is that there is a clear division between the roles of the board and those of management. The board concentrates on setting policy and strategy, then monitors progress towards meeting objectives. Management is concerned with implementing policy and strategy. The board clearly demarcates these roles by ensuring that the delegation of responsibility and authority to the executive director is concise and complete.

ACCOUNTABILITY

The board held three meetings during 2014/15 to monitor progress toward its strategic objectives and to ensure that the affairs of the Foundation were being conducted in accordance with the board's policies.

DECLARATIONS OF INTEREST

The board maintains an interests register and ensures that board members are aware of their obligations to declare interests.

INTERNAL CONTROLS

While many of the board's functions have been delegated, the overall responsibility for maintaining effective systems of internal control rests with the board. Internal controls include the policies, systems and procedures established to provide assurance that specific objectives of the board will be achieved. The board has acknowledged its responsibility by signing the Statement of Responsibility.

RISK MANAGEMENT

The board acknowledges that it is ultimately responsible for the management of risks to the Foundation. The board has charged the executive director with operating a risk management programme.

LEGISLATIVE COMPLIANCE

The board acknowledges its responsibility to ensure that the organisation complies with all legislation. The board has delegated responsibility to the executive director for the development and operation of a programme to systematically identify compliance issues and ensure that all staff are aware of legislative requirements that are particularly relevant to them.

STATEMENT OF RESPONSIBILITY

FOR THE YEAR ENDED 30 JUNE 2015

The board of the Foundation accepts responsibility for the preparation of the financial statements and statement of performance and the judgements made in them.

The board of the Foundation accept responsibility for any end-of-year performance information provided by the Foundation under section 19A of the Public Finance Act 1989.

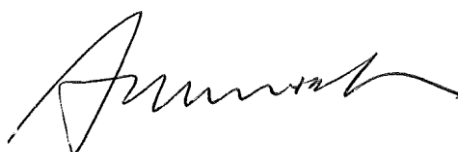
The board of the Foundation accepts responsibility for establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the board of the Foundation the financial statements and statement of performance for the year ended 30 June 2015 fairly reflect the financial position and operations of the Foundation.

Signed on behalf of the board:



HON. JOHN LUXTON
Chairman
7 October 2015



SIMON MURDOCH
Deputy Chairman
7 October 2015

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF THE
ASIA NEW ZEALAND FOUNDATION'S
FINANCIAL STATEMENTS AND PERFORMANCE
INFORMATION FOR THE YEAR ENDED 30 JUNE 2015

The Auditor-General is the auditor of Asia New Zealand Foundation (the Foundation). The Auditor-General has appointed me, Mari-Anne Williamson, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information of the Foundation on her behalf.

Opinion on the financial statements and the performance information

We have audited:

- the financial statements of the Foundation on pages 25 to 46, that comprise the statement of financial position as at 30 June 2015, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the Foundation on pages 21 to 24.

In our opinion:

- The financial statements of the Foundation:
 - presents fairly, in all material respects:
 - its financial position as at 30 June 2015; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Public Benefit Entity Standards with reduced disclosure requirements.
- The performance information:
 - presents fairly, in all material respects, the Foundation's performance for the year ended 30 June 2015, including for each class of reportable outputs:
 - its standards of delivery performance achieved, as compared with the forecast standards outlined in the statement of forecast service performance adopted at the start of the financial year; and

- its actual revenue earned and output expenses incurred, as compared with the forecast revenues and output expenses outlined in the statement of forecast service performance adopted at the start of the financial year; and
- complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 7 October 2015. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board and our responsibilities, and explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and the performance information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and the performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and the performance information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Foundation's financial statements and performance information 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 Foundation's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Trustees;
- the appropriateness of the reported performance information within the Foundation's framework for reporting performance;
- the adequacy of the disclosures in the financial statements and the performance information; and
- the overall presentation of the financial statements and the performance information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and the performance information. Also, we did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

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

Responsibilities of the Board of Trustees

The Board of Trustees is responsible for preparing financial statements and performance information that:

- comply with generally accepted accounting practice in New Zealand and Public Benefit Entity Standards with reduced disclosure requirements;
- presents fairly the Foundation's financial position, financial performance and cash flows; and
- presents fairly the Foundation's performance.

The Board of Trustees' responsibilities arise from the Public Finance Act 1989 and the Foundation's Trust Deed.

The Board of Trustees is responsible for such internal control as it determines is necessary to enable the preparation of financial statements and performance information that are free from material misstatement, whether due to fraud or error. The Board of Trustees is also responsible for the publication of the financial statements and the performance information, whether in printed or electronic form.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and the performance information and reporting that opinion to you based on our audit. Our responsibility arises from the Public Audit Act 2001.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than the audit, we have no relationship with or interests in the Foundation.



Mari-Anne Williamson
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

STATEMENT OF PERFORMANCE

In 2014/15 the government provided the Foundation with funding for one output under the output class:

'Promotion of Asian Skills and Relationships'.

This output can be summarised as follows:

The provision of services that build and sustain New Zealanders' knowledge and understanding of and relationships with Asia.

Mission

The output is focused on the following mission:

- Equip New Zealanders to thrive in the Asian century

Goals

In the output agreement the goals to achieve are:

- **Informed Public**
New Zealanders are able to make informed judgements about the country's linkages with Asian countries and people from Asia
- **Experienced Opinion Leaders**
Opinion leaders and decision-makers in New Zealand have direct experience of Asia
- **Connected Schools**
All New Zealand students are equipped culturally, linguistically and vocationally to be successful in the Asian century
- **Respected in the Region**
The Foundation is welcomed by counterparts in Asia and its activities reinforce New Zealand's political, economic and social objectives in the region

Not funded by the output agreement but relevant to the delivery of its mission, the Asia New Zealand Foundation has also been contracted by the Ministry of Foreign Affairs and Trade to deliver the ASEAN Young Business Leaders Initiative.

STATEMENT OF PERFORMANCE (CONTINUED)

Financial performance under this output is summarised below.

	Actual 2015 \$	Budget 2015* \$	Actual 2014 \$
Revenue			
Crown output agreement	4,000,000	4,000,000	4,000,000
Other revenue	1,041,150	960,159	1,462,600
Total revenue	5,041,150	4,960,159	5,462,600
Total expenses	5,347,238	5,570,159	5,290,132
Net surplus/(deficit) for the period	(306,088)	(610,000)	172,468

Output agreement funding is provided through the Ministry of Foreign Affairs and Trade.

Performance measures and results

The output agreement specifies the mission and goals to be achieved with the funding provided. Performance measures have been established and results are detailed below. Please note that activities funded from other revenue and reserves may also contribute to the same output agreement outcome.

Measure	Result
Level of New Zealand public awareness of the importance of Asia to New Zealand	An attitudinal research project, <i>New Zealanders’ Perceptions of Asia and Asian Peoples</i> , has been undertaken since 1994.
	The results of the 2014/15 survey showed that 80 percent of New Zealanders saw the Asian region as important to New Zealand’s future (second only to Australia).
	2014/15 goal: 80% 2014/15 actual: 80%

* Budget is unaudited.

STATEMENT OF PERFORMANCE (CONTINUED)

Measure	Result
<p>Informing the public:</p> <ul style="list-style-type: none"> Public forums 	<p>2014/15 goal: two public forums 2014/15 actual: four public forums – Start Up Secrets series in Auckland and Wellington, Auckland Restaurant Month, 20th anniversary gala dinner, business speaker series of eight public events</p> <p>2013/14 actual: two public forums (Languages Forum – Is English Enough in the Asian Century?, Li Cunxin two city public forums)</p>
<ul style="list-style-type: none"> National speakers' bureau 	<p>2014/15 goal: two presentations per month (24) 2014/15 actual: 25 presentations</p> <p>2013/14 actual: Asia New Zealand Foundation speakers' bureau developed and 14 presentations</p>
<p>Targeting opinion leaders:</p> <ul style="list-style-type: none"> Leadership Network membership engagement project 	<p>2014/15 goal: membership engagement annual census – 75% response 2014/15 actual: 81%</p> <p>2014/15 goal: gap analysis completed for membership campaign 2014/15 actual: achieved</p> <p>2014/15 goal: competency framework completed for Leadership Network 2014/15 actual: achieved</p> <p>2014/15 goal: agreements established with two international partner organisations 2014/15 actual: achieved – Cricket Live Foundation (agreed June 2015) and The Habibie Center of Indonesia (agreed September 2015)</p> <p>2013/14 actual: the Asia New Zealand Foundation Leadership Network was launched in February 2014 in Christchurch. A working group of the Leadership Network has provided recommendations for a membership pathway that is currently being developed</p>

STATEMENT OF PERFORMANCE (CONTINUED)

Measure	Result
<p>Targeting opinion leaders:</p> <ul style="list-style-type: none"> Track II dialogues programme expended 	<p>2014/15 goal: Indonesia dialogue planned</p> <p>2014/15 actual: '15+15' dialogue with The Habibie Center of Indonesia, December 2014, Martinborough</p> <p>2014/15 goal: build up India dialogue with counterpart organisations</p> <p>2014/15 actual: dialogues held with existing and new partners (Institute for Defence Studies and Analyses and India Council of World Affairs), December 2014, New Delhi</p> <p>2013/14 actual: a Track II dialogue for participants aged 20 to 40 years has been agreed with Indonesia partner The Habibie Center for December 2014</p>
<p>Enabling schools:</p> <ul style="list-style-type: none"> Asia New Zealand Foundation school network further developed 	<p>2014/15 goal: increased school numbers in network by 20 percent on 2013/14 baseline (298 schools)</p> <p>2014/15 actual: 17 percent (348 schools) – strategy of school engagement changed with new programme leadership to include senior teachers as well as principals from existing school network</p> <p>2013/14 actual: 16 percent (298 schools) – strategy of school engagement changed with new programme leadership to include senior teachers as well as principals from existing school network</p>

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR ENDED 30 JUNE 2015

	Note	Actual 2015 \$	Budget 2015* \$	Actual 2014 \$
Revenue				
Crown revenue	2	4,172,100	4,000,000	4,377,600
Project funding	2	186,119	476,490	508,194
Interest revenue		239,654	128,797	213,657
Core sponsorship		70,000	70,000	70,000
Donated revenue	2	12,401	79,000	10,025
Management revenue	2	9,100	15,872	8,835
Other revenue		351,776	190,000	274,289
Total revenue		5,041,150	4,960,159	5,462,600
Expenditure				
Personnel costs	3	1,814,968	1,841,867	1,942,692
Project expenditure	4	396,716	636,692	592,961
Depreciation and amortisation	9, 10	131,533	150,658	146,665
Other expenditure	5	3,004,021	2,940,942	2,607,814
Total expenditure		5,347,238	5,570,159	5,290,132
Surplus/(Deficit)		(306,088)	(610,000)	172,468
Other comprehensive revenue and expense		-	-	-
Total comprehensive revenue and expense		(306,088)	(610,000)	172,468

Explanations of significant variances against budget are detailed in note 23.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2015

	Actual 2015 \$	Budget 2015* \$	Actual 2014 \$
Balance at 1 July	4,725,081	4,650,069	4,552,613
Total comprehensive revenue and expense for the year	(306,088)	(610,000)	172,468
Balance at 30 June	4,418,993	4,040,069	4,725,081

The accompanying accounting policies and notes form an integral part of these financial statements.

* Budget is unaudited.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

	Note	Actual 2015 \$	Budget 2015* \$	Actual 2014 \$
ASSETS				
Current assets				
Cash and cash equivalents	6	357,487	255,450	232,192
Trade and other receivables	7	161,418	250,000	232,988
Investments	8	4,050,000	3,500,000	4,300,000
Total current assets		4,568,905	4,005,450	4,765,180
Non-current assets				
Property, plant and equipment	9	426,340	495,261	511,205
Intangible assets	10	209	10,000	709
Investments	8	600,000	300,000	550,000
Total non-current assets		1,026,549	805,261	1,061,914
Total assets		5,595,454	4,810,711	5,827,094
LIABILITIES				
Current liabilities				
Trade and other payables	11	757,848	368,546	640,711
Employee entitlements	12	157,600	172,000	156,927
Lease incentive	14	25,555	25,555	25,555
GST		28,468	(20,000)	40,334
Total current liabilities		969,471	546,101	863,527
Non-current liabilities				
Provisions	13	110,091	127,642	116,032
Lease incentive	14	96,899	96,899	122,454
Total non-current liabilities		206,990	224,541	238,486
Total liabilities		1,176,461	770,642	1,102,013
NET ASSETS		4,418,993	4,040,069	4,725,081
EQUITY				
General funds	15	3,009,576	2,664,260	3,332,112
Managed Fund Korea	15	793,373	786,839	789,773
Managed Fund Japan	15	616,044	588,970	603,196
TOTAL EQUITY		4,418,993	4,040,069	4,725,081

Explanations of major variances against budget are provided in note 23.

The accompanying accounting policies and notes form an integral part of these financial statements.

* Budget is unaudited.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2015

	Note	Actual 2015 \$	Budget 2015* \$	Actual 2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash was provided from:				
Supply of outputs to the Crown		4,000,000	4,000,000	4,000,000
Additional Crown funding		172,100	-	377,600
Other revenue		552,088	558,770	748,624
Income on behalf of funds		26,500	26,500	26,500
		4,750,688	4,585,270	5,152,724
Cash was distributed to:				
Payments to suppliers		(3,095,092)	(3,637,826)	(3,076,515)
Payments to employees		(1,857,162)	(1,811,636)	(1,907,952)
Payments on behalf of funds		(63,000)	(75,808)	(72,691)
Net GST paid		(4,596)	(85,000)	28,452
		(5,019,850)	(5,610,270)	(5,028,706)
Net cash outflow from operating activities		(269,162)	(1,025,000)	124,018
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash was provided from:				
Interest received		233,481	180,000	204,393
Cash received for purchase of property, plant and equipment		12,401	-	10,025
Investments maturing		4,900,000	6,000,000	4,925,000
		5,145,882	6,180,000	5,139,418
Cash was distributed to:				
Acquisition of investments		(4,700,000)	(5,075,000)	(5,200,000)
Purchase of property, plant and equipment		(51,425)	(70,000)	(102,832)
Purchase of intangibles		-	(10,000)	-
		(4,751,425)	(5,155,000)	(5,302,832)
Net cash inflow/(outflow) from investing activities		394,457	1,025,000	(163,414)
Net (decrease)/increase in cash and cash equivalents		125,295	-	(39,396)
Plus opening cash		232,192	255,450	271,588
Closing cash and cash equivalents	6	357,487	255,450	232,192

The GST (net) component of cash flows from operating activities reflects the net GST paid to and received from Inland Revenue. The GST (net) component has been presented as a net basis, as the gross amounts do not provide meaningful information for financial statement purposes and to be consistent with the presentation basis of the other primary financial statements. Explanations of major variances against budget are provided in note 23.

The accompanying accounting policies and notes form an integral part of these financial statements.

* Budget is unaudited.

NOTES TO THE FINANCIAL STATEMENTS

Note 1 : Statement of accounting policies for the year ended 30 June 2015

Reporting entity

The Asia New Zealand Foundation (the Foundation) is a Schedule 4 entity in terms of the Public Finance Act 1989. These financial statements have been prepared in accordance with the Public Finance Act 1989 and Crown Entities Act 2004. In addition, the Foundation has reported on the funding administered on behalf of the Crown in the statement of performance.

The Foundation is a trust whose primary objective is to provide public services to the New Zealand public, as opposed to that of making a financial return.

The Foundation has designated itself as a public benefit entity (PBE) for financial reporting purposes.

The financial statements for the Foundation are for the year ended 30 June 2015, and were approved on 7 October 2015 by the audit and risk committee under delegated authority from the Board of Trustees.

Basis of preparation and statement of compliance

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

The financial statements have been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirements to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The financial statements have been prepared in accordance with Tier 2 PBE accounting standards and applied disclosure concessions. The criteria under which the Foundation is eligible to report in accordance with Tier 2 standards are Foundation expenditure is less than \$30 million and it is not publicly accountable.

These financial statements comply with PBE accounting standards.

These financial statements are the first financial statements presented in accordance with the new PBE accounting standards. The material adjustments arising on transition to the new PBE accounting standards are explained in note 24.

The financial statements are presented in New Zealand dollars, being the functional currency of the Foundation. All values are rounded to the nearest dollar.

Standards issued not yet effective and not early adopted

In May 2013 the External Reporting Board issued a new suite of PBE accounting standards for application by public sector entities for reporting periods beginning on or after 1 July 2014. The Foundation has applied these standards in preparing the 30 June 2015 financial statements.

In October 2014 the PBE suite of accounting standards was updated to incorporate requirements and guidance for the not-for-profit sector. These updated standards apply to PBEs with reporting periods beginning on or after 1 April 2015. The Foundation will apply these updated standards in preparing its 30 June 2016 financial statements. The Foundation expects there will be minimal or no change in applying these updated accounting standards.

Summary of significant accounting policies

Revenue

The specific accounting policies for significant revenue items are explained below:

Crown revenue

Output agreement funding: The Foundation derives revenue through the provision of outputs to the Crown. A schedule detailing the timing of this revenue stream is agreed with the Ministry of Foreign Affairs and Trade at the beginning of the year. The Foundation considers there are no conditions attached to this funding and it is recognised as revenue on receipt.

Additional Crown funding: The Foundation signed a three-year contract in September 2011 to provide an ASEAN Young Business Leaders Initiative. This contract was extended in 2015 to include ASEAN-NZ 40th anniversary commemorative events and additional ASEAN Young Business Leaders Initiative visits.

The Foundation considers there are no conditions attached to this funding and it is recognised as revenue on receipt.

The fair value of revenue from the Crown has been determined to be equivalent to the amounts due in the funding arrangements.

Interest revenue

Interest revenue is recognised using the effective interest method.

Other revenue

The Foundation also receives revenue from core sponsorship and specific project funding from third parties. The Foundation considers there are no conditions attached to this funding and it is recognised as revenue on receipt.

Other grants

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

Donated assets

Where a physical asset is gifted to or acquired by the Foundation for nil consideration or at a subsidised cost, the asset is recognised at fair value and the difference between the consideration provided and the fair value of the asset is recognised as revenue. Assets donated to the Foundation are recognised as revenue when control over the assets is obtained.

Donated services

The Foundation receives donated services during its activity. The services received are not recognised as revenue or expenditure by the Foundation.

Grant expenditure

Discretionary grants are those grants that the Foundation has no obligation to award on receipt of the grant applications. These grants are only recognised as expenditure when the successful applicants have been notified of the Foundation's approval.

Foreign currency

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 arising from the settlement of these transactions are recognised in the surplus or deficit.

Leases

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Lease incentives received are recognised in the surplus or deficit over the lease term as an integral part of the total lease expense.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held on call with banks, and term deposits with original maturities of three months or less.

Trade and other receivables

Trade and other receivables are recorded at their face value, less any provision for impairment.

A receivable is considered impaired when there is evidence that the Foundation will not be able to collect the amount due. The amount of the impairment is the difference between the carrying amount of the receivable and the present value of the amount expected to be collected.

Investments

The Foundation classifies its financial assets as either held-to-maturity investments or loans and receivables.

Held-to-maturity investments are term deposits with fixed or determinable payments and fixed maturities that the Foundation has the positive intention and ability to hold until maturity. After initial recognition, they are measured at amortised cost using the effective interest method. Gains or losses when assets are impaired or derecognised are recognised in the surplus or deficit. Investments in this category include term deposits with maturities in excess of three months.

Purchases and sales of investments are recognised on the trade-dates, the dates on which the Foundation commits to purchase or sell the assets. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred.

Management determines the classification of its financial assets at initial recognition and reviews the classifications at each reporting date.

Property, plant and equipment

Property, plant and equipment are shown at cost, less accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant or equipment is recognised as an asset if, and only if, the future service potential associated with the item will flow to the Foundation and the cost of the item can be measured reliably.

Where an asset is acquired through a non-exchange transaction, it is recognised at fair value as at the date of acquisition.

Disposals

Gains and losses on disposals are measured by comparing the proceeds with the carrying value of the assets. Gains and losses on disposal are reported net in the surplus or deficit.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that the future economic benefits or service potential associated with the item will flow to the Foundation and the costs of the item can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are recognised in the surplus or deficit as they are incurred.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment, at rates that will write off the costs of the assets to their estimated residual values over their useful lives. Only items or groups of items purchased with a value above \$500 are capitalised. Those under \$500 are expensed.

The useful lives and associated depreciation rates of major classes of asset have been estimated as follows:

Leasehold improvements	5 – 9 years	11 – 18%
Furniture and fittings	3.8 – 9 years	11 – 26%
Office equipment	3.5 – 6.7 years	15 – 29%
Computer equipment	2.8 – 4 years	25 – 36%
Festival equipment	2 – 7 years	14 – 50%

The residual value and useful life of an asset are reviewed, and adjusted if applicable, at the end of each financial year end. The cost of leasehold improvements is capitalised and depreciated over the un-expired period of the lease or the estimated remaining useful lives of the improvements, whichever is shorter.

Intangible assets

Software acquisition and development

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use specific software. Costs associated with maintaining computer software are recognised as an expense when incurred. Costs associated with the development and maintenance of the Foundation's website are recognised as an expense when incurred.

Staff training costs are recognised as an expense when incurred.

Amortisation

The carrying value of software with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is ready for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit. The useful life and associated amortisation rate of a major class of intangible assets have been estimated as follows:

Computer software	3 years	33%
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Impairment of property, plant and equipment and intangible assets

The Foundation does not hold any cash-generating assets. Assets are considered cash generating where their primary objective is to generate a commercial return.

Non-cash-generating assets

Property, plant and equipment and intangible assets that have finite useful lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable.

An impairment loss is recognised for the amount by which an asset's carrying amount exceeds its recoverable service amount. The recoverable service amount is the higher of the asset's fair value less costs to sell and value in use. Value in use is the present value of the asset's remaining service potential. The impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss is recognised in the surplus or deficit.

Trade and other payables

Trade and other payables are recorded at their face value.

Employee entitlements

Employee benefits that the Foundation expects to be settled within 12 months of the end of the period in which the employee renders services are measured based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to the balance date, annual leave earned to but not yet taken at the balance date, and sick leave.

The Foundation recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at the balance date, to the extent that the Foundation anticipates it will be used by staff to cover those future absences.

The Foundation recognises a liability and expense for bonuses where they are contractually obliged, or where there is past practice that has created a constructive obligation and a reliable estimate of the obligation can be made.

Defined contribution superannuation schemes

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the surplus or deficit when incurred.

Provisions

The Foundation recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

Equity

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components.

- Accumulated surplus/(deficit)
- Managed funds (Japan and Korea)

Managed funds are historical funds held by the Foundation for specific activities. While there is no contractual obligation to use these funds for specific purposes, the board has agreed it has a moral responsibility to use the funds for the purpose originally intended and not for any other means.

Goods and Services Tax (GST)

All items in the financial statements are exclusive of GST, with the exception of accounts receivable and accounts payable, which are stated with GST included. Where GST is not recoverable as an input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, Inland Revenue is included as part of receivables or payables in the statement of financial position.

The net GST paid to or received from Inland Revenue, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Income tax

The Foundation is registered with the Charities Commission and consequently has been granted exemption from income tax. Accordingly, no charge for income tax has been provided for.

Budget figures

The budget figures are those approved by the board prior to the beginning of the financial year. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Foundation for the preparation of the financial statements.

Cost of service statement

The Foundation has a single output. Therefore, all costs shown in the cost of service statement, as reported in the statement of performance, are allocated directly to that output.

Critical accounting estimates and assumptions

In preparing these financial statements the Foundation has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Provisions

At each balance date the Foundation reviews the carrying amount of the make-good provision for the Auckland and Wellington offices. The carrying amount is based on information provided by third parties, and takes into account relevant market factors.

An incorrect estimate of the make-good calculation will affect the depreciation expense in the surplus or deficit, and the carrying amount of the leasehold improvements asset in the statement of financial position.

Estimating useful lives and residual values of property, plant and equipment

At each balance date the useful lives and residual values of property, plant and equipment are reviewed. Assessing the appropriateness of useful life and residual value estimates requires a number of factors to be considered, such as the physical condition of the asset, the expected period of use and the expected disposal proceeds from any future sale of the asset.

An incorrect estimate of the useful life or residual value will affect the depreciation expense in the surplus or deficit, and the carrying amount of the asset in the statement of financial position.

Critical judgements in applying the Foundation's accounting policies

Management has exercised the following critical judgements in applying the Foundation's accounting policies for the year ended 30 June 2015:

Financial asset classification

There are four classification categories for financial assets. Determining the Foundation's investments' fit into the 'held to maturity' category requires judgement as to whether there are fixed or determinable payments and 'fixed maturity' that the Foundation has the positive intent and ability to hold to maturity.

The Foundation has exercised its judgement on the appropriate classification of its financial assets as held to maturity.

Lease classification

Determining whether a lease agreement is a finance or an operating lease requires judgement as to whether the agreement transfers substantially all the risks and rewards of ownership to the Foundation.

Judgement is required for various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether or not to include the renewal options in the lease term, and determining an appropriate discount rate to calculate the present value of the minimum lease payments. Classification as a finance lease means the asset is recognised in the statement of financial position as plant and equipment, whereas for an operating lease no such asset is recognised.

The Foundation has exercised its judgement on the appropriate classification of equipment leased and determined the lease arrangement as an operating lease.

Grants received

The Foundation must exercise judgement when recognising grant revenue to determine if the conditions of the grant contract have been satisfied. This judgement is based on the facts and circumstances that are evident for each grant contract.

Note 2 : Analysis of revenue

	2015 \$	2014 \$
CROWN REVENUE		
<i>From the Ministry of Foreign Affairs and Trade</i>		
Output agreement	4,000,000	4,000,000
Additional funding (ASEAN Young Business Leaders Initiative)	160,100	297,360
Additional funding	12,000	80,240
Total Crown revenue	4,172,100	4,377,600
PROJECT FUNDING		
Lantern Festivals	19,115	353,375
Diwali Festivals	48,604	38,804
Singapore Scholarships	93,400	91,015
Japan Fund	25,000	25,000
Total project funding	186,119	508,194
DONATED REVENUE		
Lantern Festival assets	12,401	10,025
Total donated revenue	12,401	10,025
MANAGEMENT REVENUE		
Singapore Scholarships	7,600	7,335
Japan Fund	1,500	1,500
Total management revenue	9,100	8,835
INTEREST REVENUE		
Net gains on held-to-maturity investments	221,425	202,104
Other interest	18,229	11,553
Total interest revenue	239,654	213,657

The total revenue of \$5,041,150 (2014 – \$5,462,600) includes total non-exchange revenue of \$4,724,104 (2014 – \$5,106,077).

Note 3 : Personnel costs

	2015 \$	2014 \$
Salaries and wages	1,768,629	1,870,176
KiwiSaver employer contributions	45,666	42,650
Decrease in employee benefit liabilities	673	29,866
Total personnel expenses	1,814,968	1,942,692

Note 4 : Project expenditure

	2015	2014
	\$	\$
Lantern Festivals	65,603	327,192
Diwali Festivals	80,715	73,020
Singapore Scholarships	177,398	102,058
Managed Fund Korea	33,000	31,000
Managed Fund Japan	40,000	59,691
Total project expenditure	396,716	592,961

Note 5 : Other expenditure

	2015	2014
	\$	\$
Fees paid to auditor		
- Audit fees for financial statements' audit	25,400	24,777
Grants awarded	995,017	788,316
Operating lease payments	255,880	243,758
Board of Trustees' expenses (Note: no fees were paid to the Trustees)	47,999	30,983
Telecommunications	23,921	30,714
Insurance premiums	10,613	11,642
Other operating expenditure	1,645,191	1,477,624
Total other expenditure	3,004,021	2,607,814

Project expenditure also includes grants awarded of \$172,000 (2014 – \$90,691).

Note 6 : Cash and cash equivalents

	2015	2014
	\$	\$
Cash at bank	357,487	232,192
Total cash and cash equivalents	357,487	232,192

Assets recognised in a non-exchange transaction that are subject to restrictions.

The Foundation holds unspent grant funding received, included in cash at bank, of \$40,831 (2014 – \$384,416, partially included in investments) that is subject to restrictions. The restrictions generally specify how the grant is required to be spent in providing the specified deliverables of the grant arrangement.

Note 7 : Trade and other receivables

	2015	2014
	\$	\$
Trade receivables	2,037	13,174
Interest receivable	104,322	98,148
Prepayments	55,059	121,666
Total trade and other receivables	161,418	232,988
Total receivables comprises:		
Receivables from the sale of goods and services (exchange transactions)	160,020	232,988
Receivables from grants (non-exchange transactions)	1,398	-

There is no impairment provision for trade receivables.

Note 8 : Investments

	2015	2014
	\$	\$
Current portion		
<i>Held to maturity</i>		
Term deposits maturing in the following 12 months	4,050,000	4,300,000
Non-current portion		
<i>Held to maturity</i>		
Term deposits maturing in over 12 months	600,000	550,000
Total investments	4,650,000	4,850,000

The carrying value of term deposits with terms greater than three months approximates their amortised cost using the effective interest method.

There is no impairment provision for investments.

Note 9 : Property, plant and equipment

	Leasehold improvements \$	Computer equipment \$	Festival equipment \$	Furniture & fittings \$	Office equipment \$	Total \$
2015						
At 1 July 2014						
Cost	438,467	125,287	463,519	114,018	30,259	1,171,550
Accumulated depreciation and impairment charges	(138,017)	(76,451)	(345,133)	(70,619)	(30,125)	(660,345)
Net book value	300,450	48,836	118,386	43,399	134	511,205
Additions	-	10,126	41,013	5,538	-	56,677
Disposals	(10,509)	(12,318)	-	(11,052)	(369)	(34,248)
Accumulated depreciation eliminated on disposal	-	12,318	-	11,052	369	23,739
Depreciation charge	(47,763)	(24,968)	(45,049)	(13,145)	(108)	(131,033)
Impairment losses	-	-	-	-	-	-
Reversal of impairment losses	-	-	-	-	-	-
Closing net book value	242,178	33,994	114,350	35,792	26	426,340
At 30 June 2015						
Cost	427,958	123,095	504,532	108,504	29,890	1,193,979
Accumulated depreciation and impairment charges	(185,780)	(89,101)	(390,182)	(72,712)	(29,864)	(767,639)
Net book value	242,178	33,994	114,350	35,792	26	426,340

Note 10 : Intangible assets

	2015 \$
Software at 1 July 2014	
Cost	67,816
Accumulated amortisation	(67,107)
Opening carrying value	709
Additions	-
Disposals	-
Accumulated amortisation eliminated on disposal	-
Amortisation charge	(500)
Closing carrying value	(500)
Balance at 30 June 2015	
Cost	67,816
Accumulated amortisation	(67,607)
Closing carrying value	209

Note 11 : Trade and other payables

	2015 \$	2014 \$
Payables under exchange transactions		
Trade payables	73,911	117,358
Accrued expenses	24,808	77,600
Total payables under exchange transactions	98,719	194,958
Payables under non-exchange transactions		
Trade payables	25,266	4,948
Grants payable	613,788	380,881
Grants received subject to conditions	20,075	59,924
Total payables under non-exchange transactions	659,129	445,753
Total trade and other payables	757,848	640,711

Note 12 : Employee entitlements

	2015 \$	2014 \$
Accrued salaries and wages	62,292	65,258
Annual leave	95,308	91,669
Total employee entitlements	157,600	156,927

No liability has been recognised for sick leave, as the Foundation does not anticipate future absences to be significant.

Note 13 : Provisions

	2015 \$	2014 \$
Non-current provisions		
<i>Lease make-good provision</i>		
Opening balance	116,032	98,642
Additional provisions made during the year	-	35,390
Amounts used	-	(3,160)
Unused amounts reversed	(5,941)	(14,840)
Closing balance	110,091	116,032

The property lease agreements in both Wellington and Auckland require the Foundation to reinstate the office spaces to their original condition upon expiry. This would include removing partitioning, redecorating and replacing carpets. The Wellington office lease expires in April 2020 with no right of renewal, and the Auckland office lease expires in November 2018 with a five-year right of renewal, taking it to November 2023 if taken.

Note 14 : Lease incentive

	2015 \$	2014 \$
Lease incentive		
Opening balance	148,009	173,565
Lease incentive used during the year	25,555	25,556
Closing balance	122,454	148,009

The lease incentive was received for the Wellington office and is recognised in the surplus or deficit over the lease term as an integral part of the total lease expense.

	2015 \$	2014 \$
Lease incentive		
Current portion	25,555	25,555
Non-current portion	96,899	122,454
Total balance	122,454	148,009

Note 15 : Capital management

The Foundation's capital is its equity, which comprises Trust capital and retained surpluses. Equity is represented by net assets.

The Trust deed requires the Board of Trustees to manage the Foundation's revenue, expenses, assets, liabilities, investments and general financial dealings prudently. The Trust's equity is largely managed as a by-product of managing revenue, expenses, assets, liabilities, investments and general financial dealings.

The objective of managing the Trust's equity is to ensure that the Trust achieves its objectives and purpose effectively, whilst remaining a going concern.

Following the Foundation's transition to the new PBE accounting standards, managed funds previously reported as liabilities are now reported within the equity balance. The Board has previously agreed it has a moral responsibility to use these funds for the purposes originally intended. Movements in these balances represent surplus or deficit attributable to fund activity.

The table below shows the split of total comprehensive revenue and expense for the year, split between the equity components based on activity.

Equity	1 July 2014 \$	Surplus/(Deficit) \$	30 June 2015 \$
General funds	3,332,112	(322,536)	3,009,576
Managed Fund Korea	789,773	3,600	793,373
Managed Fund Japan	603,196	12,848	616,044
Total equity	4,725,081	(306,088)	4,418,993

Note 16 : Capital commitments and operating leases

	2015	2014
	\$	\$
Capital commitments		
Festival equipment	-	4,695
Operating leases as lessee		
Not later than one year	230,142	229,337
Later than one year and not later than five years	884,876	917,355
Five years or more	202,154	399,818
Total	1,317,172	1,546,510

Operating leases include a photocopier lease that will be renegotiated in 2016 and the premises' leases for the Wellington and Auckland offices. The Wellington office lease expires in April 2020 with no right of renewal. The Auckland office lease expires in November 2018 with one right of renewal for an additional five years.

There are no restrictions placed on the Foundation by any of its leasing arrangements.

Note 17 : Contingent liabilities and assets

There were no contingent liabilities as at 30 June 2015 (2014 – Nil).

Note 18 : Related party transactions

The Foundation is an entity of the Crown under the Schedule 4 of the Public Finance Act 1989.

Related party disclosures have not been made for transactions with related parties that are within normal supplier or client/recipient relationships on terms and conditions no more or less favourable than those that it is reasonable to expect the Foundation would have adopted in dealing with the parties at arm's length in the same circumstances. Further, transactions with other government agencies (for example government departments and Crown entities) are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies and are undertaken on the normal terms and conditions for such transactions.

There have been no related party transactions in the year ending 30 June 2015 (2014 – Nil)

Key management personnel compensation	2015	2014
Board Members		
Remuneration	\$-	\$-
Full-time equivalent members	18.5	19
Directors		
Remuneration	\$319,044	\$454,526
Full-time equivalent members	1.25	2
Total key management personnel remuneration	\$319,044	\$454,526
Total full-time equivalent personnel	19.75	21

Key management personnel include the executive director, deputy executive director and members of the Board of Trustees. Full-time equivalent is based on the number of months during the year members have been with the Foundation.

Employee remuneration	2015	2014
Total remuneration paid		
\$100,000 – 109,999	1	1
\$110,000 – 119,999	1	-
\$130,000 – 139,999	-	2
\$140,000 – 149,999	1	1
\$150,000 – 159,999	2	-
\$180,000 – 189,999	-	1
\$210,000 – 219,999	1	-
\$260,000 – 269,999	-	1

Note 19 : Events after the balance date

There have been no significant events after the balance date.

Note 20 : Financial instrument categories

The carrying amounts of financial assets and liabilities in each financial instrument category are as follows:

	2015 \$	2014 \$
Financial assets		
<i>Loans and receivables</i>		
Cash and cash equivalents	357,487	232,192
Trade and other receivables	106,359	111,322
	<hr/> 463,846	<hr/> 343,514
<i>Held to maturity</i>		
Investments	4,650,000	4,850,000
Financial liabilities		
<i>Financial liabilities measured at amortised cost</i>		
Trade and other payables (excluding grants received subject to conditions)	737,773	580,787

Note 21 : ASEAN Young Business Leaders Initiative

Expenditure relating to the ASEAN Young Business Leaders Initiative (contract signed with the Ministry of Foreign Affairs and Trade on 1 September 2011) is as follows:

	2015 \$	2014 \$
Personnel costs	133,825	166,060
Establishment and overhead costs	8,274	9,664
Programme costs	374,927	181,102
Total expenditure	517,026	356,826

Establishment and overhead costs and programme costs are included in the statement of comprehensive revenue and expense in the line item 'Other expenses'. Further funding of \$160,100 was received this year for the ASEAN-NZ 40th anniversary commemorative events.

Note 22 : Donated services

The Foundation receives in-kind donations of services from many organisations. Following the transition to the new PBE accounting standards, the Foundation is no longer required to include them in the surplus or deficit.

The Foundation is able to measure reliably some of these services, and a summary is provided below:

	2015 \$	2014 \$
Lantern Festivals	100,981	75,457
Diwali Festivals	11,051	14,891
Management services	3,901	12,555
Total donated services	115,933	102,903

Note 23 : Explanation of significant variances against budget

2014/15 was the first year of the Foundation's new strategic plan, in which the vision is 'A New Zealand confident in and with Asia'.

Statement of comprehensive revenue and expense

The Foundation budgeted a deficit of \$610,000 for the year to allow for 20th anniversary activity to continue and for prior-year ASEAN Young Business Leaders Initiative obligations to be fulfilled.

There were variations to budget in most line items, with the largest variances relating to the cancellation of the 2015 Christchurch Lantern Festival; this resulted in less project funding and project expenditure. Other revenue is higher than budgeted, following the amount of support we received for our 20th anniversary gala dinner and the ASEAN Night Market held in Wellington. The movement of our managed funds also created variances in our interest revenue, as interest was apportioned to the funds directly in prior years and was budgeted as such.

Statement of financial position

The variance in investments is offset by our high payables balance and our reduced deficit. This year saw a large amount of grant activity that remained unpaid at 30 June.

Note 24 : Adjustments arising from transition to the new PBE standards

The Foundation has adjusted its comparative-year financial statements for the year ended 30 June 2014 due to reclassification adjustments and adjustments arising from the transition to the new PBE accounting standards. The adjustments are shown in the table below:

Actual 2014				
	Note	NZ IFRS (PBE) 2014	Adjustment	PBE accounting standards 2014
Statement of financial position				
<i>Non-current liabilities</i>				
Funds managed				
Japan Fund	1 (a)	596,476	(596,476)	-
Korea Fund	1 (a)	786,673	(786,673)	-
<i>Equity</i>				
General funds	1 (b)	3,341,932	(9,820)	3,332,112
Managed Fund Japan	1 (a)	-	603,196	603,196
Managed Fund Korea	1 (a)	-	789,773	789,773
Statement of comprehensive revenue and expenditure				
<i>Revenue</i>				
Project funding	1 (b)	483,194	25,000	508,194
Interest revenue	1 (b)	153,350	60,307	213,657
Management revenue	1 (b)	18,655	(9,820)	8,835
Donated revenue	2	112,928	(102,903)	10,025
<i>Expenditure</i>				
Project expenditure	1 (b), 2	592,618	343	592,961
Other expenditure	2	2,620,369	(12,555)	2,607,814
Statement of changes in equity				
Balance at 1 July	1 (a)	3,154,260	1,398,353	4,552,613
Total comprehensive revenue and expense	1 (b)	187,672	(15,204)	172,468
Balance at 30 June		3,341,932	1,383,149	4,725,081

Explanatory notes

- 1 The Foundation has reclassified its managed accounts, previously reported as long-term liabilities, into equity. There is no contractual obligation to maintain the funds, only the Board's agreement that it has a moral responsibility to utilise the funds for the originally intended purpose. This has given rise to the following adjustments:
 - (a) Fund balances have been moved from non-current liabilities to the equity balance
 - (b) Fund activity for the prior year has been included in the Foundation's activity for the year. This includes adjustments to project funding (\$25,000), interest received (\$60,307), management revenue (\$9,820) and project expenditure (\$90,691) previously reported under the individual funds. Owing to the adjustments, the surplus for 2014 has decreased by \$15,204, from \$187,672 to \$172,468

- 2 The Foundation is no longer required to include donated services within its surplus or deficit. Revenue of \$102,903 has been removed from donated services revenue, and donated service expenditure of \$90,348 has been removed from project expenditure and \$12,555 from other expenditure. Details of donated services received by the Foundation are included in Note 22. The removal of donated services did not affect the reported surplus.

ORGANISATION INFORMATION

Board of Trustees

Chairman: Hon John Luxton QSO (*Hon Philip Burdon*)

Deputy Chairmen: Hon Steve Maharey CNZM and Simon Murdoch (*Ken Douglas ONZ and Richard Nottage CNZM*)

Trustees: Dr Brook Barrington, Trish Carter, Peter Chin CNZM, Peter Chrisp, Rob Fyfe, Traci Houppapa, Peter Hughes CNZM, Professor Manying Ip, Ian Kennedy, Melissa Lee MP, Lyn Lim, Richard Long ONZM, Rt Hon Sir Donald McKinnon ONZ, GCVO, Mitchell Pham, Hon Simon Power QSO, David Rishworth, David Shearer MP and Simon Watt (*John Allen, Raymond Huo MP, Vino Ramayah, Sir Ken Stevens KNZM, Bryan Williams CNZM MBE*)

Board of honorary advisers

Chairman: Hon Murray McCully, Minister of Foreign Affairs

China: Professor Zhou Guangzhao, Li Xiaolin

Hong Kong: Dr Victor K Fung

India: Dr Raghupati Singhanian

Indonesia: Amris Hassan

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Malaysia: Tan Sri Leo Moggie

Philippines: Roberto Romulo

Singapore: Dr Ng Eng Hen, Stanley Tan ONZM

South Korea: Professor Han Sung-joo

Thailand: Dr Ajva Taulananda, Dr Supachai Panitchpakdi

Vietnam: Ton-Nu-Thi Ninh

Asia New Zealand Foundation staff

Executive Director: Simon J Draper (*John McKinnon QSO*)

Deputy Executive Director: Adele Mason

Director, Culture: Jennifer King MNZM

Director, Education: Jeffrey Johnstone

Director, Communications: John Saunders

Director, Business: James Penn

Director, Research: vacant (*Dr Andrew Butcher*)

Media Adviser: Rebecca Palmer

Content Manager: Ned Wotherspoon (*Paula Travaglia*)

Schools Coordinator: Sean O'Connor (*Brenda Matangi-Bell*)

Schools Coordinator: Yasheeka Bertram

Leadership Network Coordinator: Melanie Crawford

Project Officer, Culture: Monica Turner

Project Officer, Leadership Network: Anna-marie Luke

Accountant: Sunita Soma

Executive Assistant: Paula McLaughlin

Administration Assistant: Elizabeth Basalaj

Administration Assistant, Research: vacant

Auckland Office Manager: Emma Ashley (*Liyang Ma*)

Project Manager, ASEAN Young Business Leaders Initiative: Adam McConnochie

Footnote: names denoted within the brackets have either retired or left the organisation within the past 12 months

SPONSORS

The Foundation has sought to build partnerships with the New Zealand government and the business community. We receive contributions from the following partners:

Partners:

Ministry of Foreign Affairs and Trade and New Zealand Trade and Enterprise.

Sponsors:

The following made major monetary or in-kind contributions to specific Asia New Zealand Foundation 2014/15 projects:

Diwali Festival of Lights 2014

The Diwali Festival of Lights was held in partnership with ATEED in Auckland and Wellington City Council in Wellington. Main sponsors of the Asia New Zealand Foundation were The Lion Foundation, the North and South Trust, the Four Winds Foundation and the Indian Council for Cultural Relations.

Auckland Chinese Lantern Festival 2015

The Lantern Festival was held in partnership with ATEED. Main sponsors of the Asia New Zealand Foundation were The Lion Foundation, Cathay Pacific, the Dragon Community Trust, the China Travel Service and the Chinese Ministry of Culture.

Singapore Scholarship Programme

The Lee Foundation (Singapore) and the Prime Minister's Scholarships for Asia.

Japan Fund

The Nakashimoto Scholarship Foundation.

The Foundation also acknowledges support from the following organisations:

Air New Zealand, ANZ Bank, AUT University, Bell Gully, Benesse Educational Research and Development Institute, CNBC Asia, Creative New Zealand, *Deccan Herald*, Beca, Digital Jungle, *International New York Times* Hong Kong, Industrial Technology Research Institute Taiwan, JacksonStone & Partners, *Business Desk* Wellington, Parliamentary Press Gallery, Wellington, Foreign Press Center/Japan, Taiwan Ministry of Education Youth Development Administration, KPMG Vietnam, Kyushu Railway Company Japan, *The Philippine Star*, the Robertson Foundation's Aotearoa Fund, Wellington City Council, Central Japan Railway Company, Wellington Community Trust, Indian Council of World Affairs, ISIS Malaysia, Korea Foundation, Asia Pacific Foundation of Canada, The Generator, Bank of New Zealand, Embassy of the Republic of Korea, National Library, Auckland, Japan Information and Culture Centre, Positively Wellington Venues, Tokyo Tech High School of Science and Technology, Phantom Billstickers, My Performing Arts Agency Sdn Bhd, Westpac Bank Corporation, Zespri, Barfoot & Thompson, Chinese Poll Tax Heritage Trust, Western Union Financial Services, Whitireia Community Polytechnic, Taipei Artist Village and the *Shanghai Daily*.

The Foundation also acknowledges support from the following individuals:

Graeme Acton, Charles Anderson, Siah Hwee Ang, Mike Arand, Simon Ashby, Sekhar Bandyopadhyay, Christine Biebricher, Jussara Bierman, Nicola Brennan-Tupara, Denis Burchill, Joe Burton, James Bushell, David Capie, Jehan Casinader, Ciao Chen, Simon Coley, Shamubeel Eaqub, Pat English, Stephen Epstein, Richard Evans, Sonja Gallagher, Sam Gasken, Ben Gleisner, Guergana Guermanoff, Fiona Haiko, Tina Hallowses, Craig Hansen, Natasha Hamilton-Hart, Xiaoming Huang, Jonathan Hunt, Yoshifumi Immamura, Stephen Jacobi, Peter Kennedy, Nicholas Khoo, Fiona Lamberton, Jordan Lee, Brian Lynch, Val Marshall-Smith, Michelle McCarthy, Kate McMillan, Nova Mercier, Prashanta Mukherjee, Mark Mullins, Peter Mumford, Fiona Natusch, Terence O'Brien, Manjeet Pardesi, Simon Park, Don Rae, Joy Reid, Paul Roberts, Rachel Roberts, Jim Rolfe, Jessica Rowe, Greg Rumney, Alan Samson, Sir Anand Satyanand, Karyn Scherer, Paul Sinclair, Farib Sos, Paul Spoonley, Steve Sutanro, Stanley Tan, Katie Taylor-Duke, Jim Tully, Alan Young, Jason Young, Joy Zhang and Caroline Ziemke-Dickens.

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Auditor

Audit New Zealand, Wellington, on behalf of the Auditor-General

Banker

ANZ Bank, Wellington

Solicitor

Bell Gully, Wellington

Insurer

NZI, Wellington

