

2010 2011



**ANNUAL REPORT OF THE
ASIA NEW ZEALAND FOUNDATION**

For the year ended 30 June 2011

CONTENTS

MISSION STATEMENT	2
CHAIRMAN'S REPORT	3-4
EXECUTIVE DIRECTOR'S REPORT	5-7
GOVERNANCE OF RESPONSIBILITY	8
Role of the board	8
Structure of the Asia New Zealand Foundation	8
STATEMENT OF RESPONSIBILITY	10
AUDIT REPORT	11-12
FINANCIAL STATEMENTS	13-37
Statement of objectives and service performance	13-16
Statement of comprehensive income	17
Statement of changes in equity	17
Statement of financial position	18
Statement of cash flows	19
Notes to the financial statements	20-37
ORGANISATION INFORMATION	38
SPONSORS	39
DIRECTORY	39

MISSION STATEMENT

The Asia New Zealand Foundation (Asia:NZ) 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

There have been positive signs during the past year that a more strategic and forward-looking agenda is emerging in New Zealand. This is especially evident through the success of Asia New Zealand Foundation's (Asia:NZ's) Business Education Partnership and the ongoing leveraging opportunities that are arising between business and education as a result of this important initiative.

In the 17 years since its establishment, the foundation has evolved beyond its original terms of reference into an independent organisation with its own institutional identity, positioned to provide not only a source of readily accessible Asia-related expertise and information but also to facilitate people-to-people and organisational links.

Asia:NZ is the tangible expression of New Zealand's commitment to a relationship with the countries and peoples of Asia. I am pleased to note that the strong cross-political commitment to this objective – and to our foundation – remains firmly intact today.

The role of Asia:NZ is broad and far-reaching and is successfully leading New Zealand down the path of developing stronger links with Asia. We are a catalyst, a source of ideas, and a facilitator of strategic partnerships. Although we provide some financial support (this Annual Report contains a comprehensive record of what we have contributed this year), the role of the foundation has clearly moved beyond simple grant-making.

Given the scope and depth of the projects and partnerships we are involved in, it is easy to forget that Asia:NZ is a small organisation with limited resources. Thanks must go to the team at Asia:NZ who through their energy, enthusiasm and tireless commitment, continue to deliver amazing results and exceptional value for money for the foundation's funders in both the government and private sector.

Our ambitions are achieved by pooling resources and harnessing the support of leaders from government, business and academia, as well as tapping into the talents of today's young leaders. The continuum of this progress has never been greater and the opportunity never so promising.

This year, 2010/11, has been extremely busy for the foundation. It is perhaps an irony that the more we do the more there remains to be done.

You could say our future begins now. In business, trade, diplomatic relations and education our dependence on Asian countries runs so deep that there are now very few areas that remain unaffected by the Asian region.

It follows therefore that New Zealand employers will need their future employees to be dynamic, outward-looking people who among other qualities will be comfortable in Asian settings, know Asian business and social nuances and who may even speak at least one Asian language.

The Business Education Partnership, a joint partnership between Asia:NZ and the business community, which was launched in the previous financial year, continued to be rolled out during the year.

The partnership underlines the link between employers, employee organisations and the education system. It sends a message that the place for our young people to acquire a sharper awareness of Asia begins in our schools.

Many influential New Zealand business leaders signed up to the partnership during the year, recognising the need for future cohorts of young New Zealanders to grow up without fear or ignorance of Asia, or an inherited mono-cultural mindset that harbours stereotypes of the region as scarily exotic, linguistically inaccessible and inhabited by incomprehensible cultures.

Learning about Asia is about so much more than sharing classrooms with the Asian fee paying students who bolster the finances of our schools and universities. "Asia literacy" is the term that has been used in the equivalent conversation that has been occurring in Australia. Its meaning is not necessarily an ability to read and write in an Asian language. Rather it is more broadly used to encompass general knowledge about Asian countries and an awareness of how the region is impacting on us in Australasia.

But mastery of languages is also a vital part of the intellectual capacity that is needed. Millions of people in South Korea, Japan, Vietnam, Taiwan and China are set on learning English as a way of improving their individual opportunities. But the drive to learn Asian languages like Mandarin is not matched here in New Zealand.

To those that say that our agenda is about putting Asia on a pedestal above other curriculum requirements, I would argue it is about injecting Asian content into the strengthening of our schools so that learning about this complex region is a routine part of getting an education, one that prepares young New Zealanders for a future increasingly dominated by Asia.

It is no longer a choice about whether we should offer these skills. It is an imperative. It is encouraging that the 51 leading New Zealand companies and employee organisations that are signatories to the Business Education Partnership also recognise the critical strategic value of this initiative.

It's time for all New Zealanders to begin to join the dots, to acknowledge our growing interdependence with a region that will have a huge impact on world affairs in the 21st century.

During the year we were assisted in our mission to achieve greater awareness of Asia in New Zealand by ten highly talented and influential visitors from the Asian region who attended our honorary advisers meeting in November. The honorary advisers represented seven Asian countries - Indonesia, China, Vietnam, India, Singapore, Japan and Thailand. During their visit they were involved in a series of meetings with Asia:NZ trustees and senior government, business and academic representatives, including Prime Minister John Key, Foreign Minister Murray McCully and Governor-General, the Right Honourable Sir Anand Satyanand.

The foundation now has 17 honorary advisers from 11 Asian countries. They provide an important link to networks at the most senior level, representing a vital human resource to the foundation in its activities to facilitate closer links between New Zealand and Asia.

I would like to take this opportunity to pay tribute to honorary adviser Huang Hua from China, who passed away during the year, and sincerely thank retiring honorary adviser Tran Ba Tuoc from Vietnam for his contribution to the foundation.

Over the past 12 months we have continued to see New Zealand's links with the countries and peoples of Asia proliferate. I would especially like to thank Richard Grant, our executive director, and his team for the achievements of the past year.

May I also sincerely thank departing board members Tony Nowell and Michael Park for their significant contribution to the foundation.

I would also like to welcome to the board Peter Chrisp, Bryan Williams and Richard Long and honorary advisers Tan Sri Leo Moggie from Malaysia and Amris Hassan from Indonesia.

My thanks also to His Excellency the Governor-General, the Prime Minister, the Minister of Foreign Affairs, other ministers and parliamentarians from all parties who have participated in and supported Asia:NZ activities throughout the year, and to our honorary advisers, to my fellow members of the board of trustees and to our business partners for their continued support.

Finally, my appreciation to the Ministry of Foreign Affairs and Trade and New Zealand Trade and Enterprise for their commitment to Asia:NZ.



HON PHILIP BURDON
Chairman

21 September 2011

EXECUTIVE DIRECTOR'S REPORT

In the past financial year, 2010/11, the team at the Asia New Zealand Foundation (Asia:NZ) has continued to work to raise awareness of Asia in New Zealand through its range of business, education, young leaders, culture, media and research programmes. It is a credit to their dedication and hard work that we are achieving a stronger Asian dimension in New Zealand and that New Zealanders' perceptions of Asia are changing.

Although broader public opinion is always difficult to assess, the popularity of events such as the Lantern and Diwali Festivals, and this year's Educating for Asia Summit, attest to the wide community acceptance of, and support for, our messages. Asia:NZ continues to generate a special enthusiasm among all those it touches and that has been an essential ingredient in its ongoing success.

During the year, the Business Leaders Series, a key initiative launched by Asia:NZ the previous year, continued to offer fantastic networking opportunities for New Zealand business people wishing to enter Asian markets.

Four presentation events were held, in partnership with Minter Ellison Rudd Watts, the ASEAN New Zealand Combined Business Council, PricewaterhouseCoopers and Bell Gully, featuring notable speakers Simon Galpin, director general of Invest Hong Kong, James Castle, founding director of CastleAsia, Dr Michael Wesley, CEO of the Lowy Institute for International Policy, and Don Braid, group managing director of Mainfreight.

In addition, a roundtable lunch for senior business leaders was hosted by Chapman Tripp to coincide with a visit to New Zealand by New Zealand Trade and Enterprise's South East Asia Beachhead Advisory Board chair, Chuan Seng Lee.

We also provided grants to assist with the Korea New Zealand Business Roundtable in Seoul, Korea and the Japan New Zealand Partnership Forum, which is co-chaired by the foundation's chairman, Philip Burdon.

For our young people to thrive in a globalised world, we strongly believe that today's educators need to prepare New Zealand students for a future with Asia. This is the premise from which we launched the Business Education Partnership in 2009.

During 2010/11, the partnership initiative gathered momentum, gaining increasing support from both the business and education sectors. A core aspect was the development of individual partnerships between businesses and schools, with ten new partnerships established during the year, setting the benchmark for future progress.

Another highlight was the inaugural Educating for Asia Summit, held in Wellington in April with support from the Ministry of Education and the Confucius Institute in Auckland. The summit brought together 100 school principals and educators from across New Zealand committed to making their schools and students 'Asia aware'.

The Asia Aware Principals' Network was also launched at the summit. The network currently has 158 principals who will meet twice a year to plan further action towards making their schools more Asia aware.

During the year we facilitated links between businesses and schools, providing opportunities for teachers to network with business people. In Tauranga, for example, 30 education and business leaders met to explore ways to strengthen links between schools and businesses.

We also developed a range of resources for teachers and students, including four case studies on New Zealand businesses operating in Asia, which are now available on the Ministry of Education's website. Companies featured are Glidepath, ANZ, Zespri and Augen Software.

During the year we continued to offer exciting professional development opportunities, and supported 28 principals and teachers to visit a range of countries in Asia, including Korea, the Philippines, Singapore and China.

Asia:NZ's commitment to building awareness of Asia through its Diwali and Lantern Festivals continued in 2010/11. This year we tied this in with the Business Education Partnership by hosting a networking event for members to preview the Lantern Festival.

During the year the foundation's culture programme continued to inspire, entertain and enthral. The 12th annual Auckland Lantern Festival was a particular highlight, attracting record crowds, with more than 250,000 people in attendance to welcome the Year of the Rabbit. The three-day festival brought to New Zealand a dazzling array of international performers, including Beijing-based rock band Askar Grey Wolf.

Sadly the Christchurch Lantern Festival 2011, scheduled for a week later, had to be cancelled in the wake of the devastating earthquake.

India's best-loved festival, Diwali, was once again held in Wellington and Auckland, organised in partnership with Wellington and Auckland City Councils. Auckland's 10th Diwali Festival was held at its new home in Aotea Square. Highlights included stalls of delicious food, traditional and contemporary dance and music, the hotly contested Bollywood dance competition and a grand finale fireworks display.

Despite the rain, our third Southeast Asian Night Market on Wellington's waterfront, held in partnership with Wellington City Council in April, was well attended. Ten member nations of the Association of Southeast Asian Nations (ASEAN) brought delicious food, colourful crafts and non-stop entertainment.

The year also saw an increasing emphasis on the professional development of the arts sector. A highlight was the launch in October of Asia:NZ's inaugural curator tour, which saw three New Zealand curators visit leading art museums and galleries in China and South Korea with support from Creative New Zealand.

Our Wellington Asia Residency Exchange (WARE), run in partnership with Wellington City Council, continued to thrive during 2010/11. This year a Wellington-based visual artist was selected for a two-month residency with the Red Gate Gallery in Beijing, China, beginning in August 2011. During the year Swaroop Mukerji, a self-taught watercolourist from Kolkata, India, and Indian dancer Gayatri Balagurunathan both participated in a four-week artist residency at Bolton Street Cottage, also part of WARE.

Asia:NZ's Taiwan and New Zealand artists' residencies in partnership with the Taipei Artist Village also encouraged cross-cultural exchange. During the year Auckland artist Rohan Wealleans travelled to Taipei. In exchange, New York-based Taiwanese artist Tzeng Yi-Hsin undertook a reciprocal three-month residency at the School of Design at Unitec in Auckland.

New Zealand-Korean artist Jeena Shin was selected to undertake a residency at the Changdong Art Studio in Seoul, Korea, while Korean artist Lee Zune was selected to undertake an exchange residency hosted by Artspace Auckland.

Dunedin curator Sara Sinclair undertook a six-week work placement at the Asian Civilisations Museum in Singapore as part of Asia:NZ's annual Museum and Gallery Awards.

During the year we offered a range of grants, including support for the Auckland Arts Festival to stage two major Asian works, funding to a New Zealand break dancer to travel to Korea, and assistance for a group of New Zealand drama teachers and students to attend the UNESCO International Theatre Institute's performing arts festival in New Delhi, India. The Christchurch Symphony Orchestra Trust also received funding from Asia:NZ to send the orchestra to perform in Tokyo, Japan as part of the Orchestra Week Festival.

In the past 12 months Asia:NZ has continued to support and fund high-quality reporting of Asia and professional development opportunities for New Zealand journalists to visit Asia.

With the support of Asia:NZ, journalists were able to conduct assignments in, or are scheduled to travel to India, Cambodia, Indonesia, China, Japan, Malaysia, Vietnam and South Korea.

During the year the foundation supported media internships for 12 graduate journalists from journalism schools at Massey, Canterbury and AUT universities to Indonesia, India, Cambodia and China. Under the foundation's journalism graduate internship programme, the new journalists undertook work experience at the *Deccan Herald*, *The Phnom Penh Post*, *Shanghai Daily*, *The Jakarta Post* and *China Daily Online*.

In partnership with the Australian Consortium of 'In Country' Indonesian Studies, four young graduate journalists (three from the University of Canterbury and one from Massey University) took part in a six-week journalism professional practicum in Jakarta.

We managed two internships in the Philippines and Hong Kong that are aimed at young working journalists. The successful candidates for 2011 are a TVNZ journalist who will work at the *International Herald Tribune* Hong Kong bureau for two months and a *Wairarapa Times Age* journalist who will join *The Philippine Star* newsroom.

The second Kiwi Asian Journalism Scholarship was awarded to a young Asian New Zealander enrolled in journalism at Massey University. Asia:NZ hosted a Chinese reporter who was placed at Whitireia Journalism School in Wellington for four weeks as part of our media exchange programme with the *Shanghai Daily*.

Other highlights of the year included our support for AUT University to host a distinguished journalist from Nepal under its Asian Journalism Fellowship programme. We also helped publicise and hosted the Wellington launch of *Reporter*, an autobiographical book by veteran New Zealand journalist John McBeth about his 40-year career as a journalist in Asia.

The fifth Young Leaders Forum, held in Wellington in November, brought together 32 young people from New Zealand and Asia. Participants engaged in leadership development learning, networking and presentation skills training and team-building activities.

Eighteen young leaders attended this year's offshore forum in Seoul, Korea in December, organised by Asia:NZ staff with assistance from young leaders based in Seoul.

As in previous years, young leaders had a number of other opportunities to travel offshore to represent the network and increase their knowledge of Asia. Three young leaders undertook business internships in Asia during the New Zealand summer – two at KPMG in Vietnam, one at Kyushu Railway Company in Fukuoka, Japan, and one at ANZ in Cambodia.

Other exciting overseas events in which our young leaders participated included a study camp in Taiwan, the APEC Voices of the Future conference in Japan, an Asia Pacific Roundtable in Malaysia, and a young leaders' networking event in Singapore.

Young leaders continued their commitment to grow the network across New Zealand. In Wellington, for example, a group of young leaders organised an event to coincide with the Lantern Festival, featuring a workshop with Askar Grey Wolf. The event drew a large, diverse audience and was well received by Wellington music lovers.

Network members also attended a number of important events in New Zealand, including a Track II meeting between New Zealand and India, the Japan New Zealand Business Council meeting, the Asia Pacific Postgraduate Symposium at Victoria University of Wellington, and a roundtable with visiting Kippenberger Fellow Dr Rajan Mohan.

Some of our young leaders were also involved in Asia:NZ outreach opportunities, including speaking at education events such as the Asia Aware principals' forums, promoting Asia awareness to school students, and acting as ambassadors for the network at the Lantern Festival.

Our current *Outlook* series of research papers on New Zealand's Diaspora in Asia concluded this year. *New Zealand's Diaspora in China* by Elsie Ho, Jo Lewin and Manying Ip from the University of Auckland was released in August. The last paper of the Diaspora series by Dr Alan Gamlen, University of Oxford, titled *Engaging Asia: The role of the Diaspora*, was released in early 2011.

Two new *Outlook* series were commissioned during the year. One, on New Zealand's place in Asia, began with a paper by Dr Malcolm Cook (then of the Lowy Institute for International Policy, Australia) entitled *Standing together in single file: Australian views on New Zealand and Asia*, which was released in 2010. *Lining up a persuasive friend: Japan's expectations of how New Zealand can contribute to Asian security* by Professor Yoichiro Sato of Ritsumeikan Asia Pacific University, Japan was released in June.

ASEAN's perspective of New Zealand's place in Asia, by Daljit Singh of the Institute of Southeast Asian Studies, Singapore and *New Zealand's place in Asia: An Indian perspective*, by Drs Pankaj Jha and Rajaram Panda of the Institute of Defence Studies and Analyses, India will both be launched later in 2011.

The second *Outlook* series on business culture in Asia will be published during 2011, with the first paper in the series, *New Zealand's opportunities and challenges in Asia* by business commentator and journalist Rod Oram, being released in June. A paper by Fran O'Sullivan, *The New Zealand Herald* columnist on business culture in China will be released later in year. The two final papers in this series have yet to be commissioned.

In February Asia:NZ released its annual *Perceptions of Asia* tracking study, which measures New Zealanders' understanding of the peoples and countries of Asia.

During the year we carried out external evaluations of two of our initiatives – our school leadership programme (by the Asia Education Foundation's executive director Kathe Kirby) and our Track II diplomacy programme (by the Lowy Institute for International Policy's Alex Oliver). In conjunction with Auckland City Council, surveys were also undertaken of Asia:NZ's Auckland Lantern and Diwali Festivals.

Asia:NZ also continued to lead New Zealand's Track II engagement with Asian partner organisations. In September Asia:NZ hosted Track II bilateral discussions with a delegation from the Institute of Defence Studies and Analyses of India. In December Asia:NZ led the New Zealand delegation to the ASEAN-Australia-New Zealand trilateral talks in Kuala Lumpur, Malaysia. We also hosted a delegation from the Diplomatic Academy of Vietnam in May and a delegation from the Chinese People's Institute of Foreign Affairs in June.

Asia:NZ's website continues to be our main vehicle for communicating with our various audiences. A number of new interactive sections have been added to the website and we will continue to add more in the coming year. New contributors continue to be commissioned to write informative articles on New Zealand business success and general current articles on New Zealand and Asia matters in the region.

During the year we made full use of social media platforms such as Facebook and Twitter to generate conversations on New Zealand and Asia relations. We redesigned our website to make it easier for audiences to connect with social media sites, and to help drive traffic to the Asia:NZ website.

With China and India forecast to be the world's largest economies by 2050 and Indonesia, Vietnam and South Korea projected to be among the top 20, the role of Asia:NZ will become increasingly important.

I would like to thank our dedicated staff for continuing to deliver such outstanding results.

May I also take this opportunity to thank our board members and honorary advisers for their guidance and support, along with members of parliament, our core sponsors and external partners for their continued support and commitment.



DR RICHARD GRANT
Executive Director

21 September 2011

A detailed list of the 2010/11 grants can be found on Asia:NZ's website at www.asianz.org.nz/about-us/governance/annual-report

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 Asia:NZ's planning.
- Delegating responsibility for the achievement of specific objectives to the executive director.
- 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:NZ)

Asia:NZ Operations

The board has appointed the executive director to manage all Asia:NZ operations. All other employees of Asia:NZ 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 toward 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 auditors.

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 Asia:NZ.

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 Asia:NZ 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, and then monitors progress toward 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 2010/11 to monitor progress toward its strategic objectives and to ensure that the affairs of Asia:NZ are being conducted in accordance with the board's policies.

Declarations of Interest

The board maintains an interests register and ensures 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 ultimately 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 on page 10 of this report.

Risk Management

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

Legislative Compliance

The board acknowledges its responsibility to ensure 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 2011

The board of Asia:NZ accepts responsibility for the preparation of the financial statements and statement of service performance and the judgements made in them.

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

In the opinion of the board of Asia:NZ the financial statements and statement of service performance for the year ended 30 June 2011 fairly reflect the financial position and operations of Asia:NZ.



HON PHILIP BURDON

Chairman

21 September 2011



RICHARD NOTTAGE

Deputy Chairman

21 September 2011

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF THE ASIA NEW ZEALAND FOUNDATION'S FINANCIAL STATEMENTS AND STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011

The Auditor-General is the auditor of Asia New Zealand Foundation (Asia:NZ). The Auditor-General has appointed me, Stephen Lucy, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and statement of service performance of Asia:NZ on her behalf.

We have audited:

- the financial statements of Asia:NZ on pages 17 to 37, that comprise the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of Asia:NZ on pages 13 to 16.

Opinion

In our opinion:

- the financial statements of Asia:NZ on pages 17 to 37:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect Asia:NZ's:
 - financial position as at 30 June 2011; and
 - financial performance and cash flows for the year ended on that date.
- the statement of service performance of Asia:NZ on pages 13 to 16:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects for each class of 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.

Our audit was completed on 21 September 2011. 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 we 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 statement of service performance are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and statement of service performance. 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 statement of service performance. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and statement of service performance, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to Asia:NZ's preparation of the financial statements and statement of service performance that fairly reflect the matters to which they relate. We consider internal control 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 Asia:NZ'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;
- the adequacy of all disclosures in the financial statements and statement of service performance; and
- the overall presentation of the financial statements and statement of service performance.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Board

The Board is responsible for preparing financial statements and a statement of service performance that:

- comply with generally accepted accounting practice in New Zealand;
- fairly reflect Asia:NZ's financial position, financial performance and cash flows; and
- fairly reflect its service performance achievements.

The Board is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements and a statement of service performance that are free from material misstatement, whether due to fraud or error.

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

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and the Public Finance Act 1989.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

Other than the audit, we have no relationship with or interests in Asia:NZ.



S B Lucy
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

Matters relating to the electronic presentation of the audited financial statements and statement of service performance

This audit report relates to the financial statements and statement of service performance of Asia New Zealand Foundation (Asia:NZ) for the year ended 30 June 2011 included on Asia:NZ's website. The Board is responsible for the maintenance and integrity of Asia:NZ's website. We have not been engaged to report on the integrity of Asia:NZ's website. We accept no responsibility for any changes that may have occurred to the financial statements and statement of service performance since they were initially presented on the website.

The audit report refers only to the financial statements and statement of service performance named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements and statement of service performance. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and statement of service performance as well as the related audit report dated 21 September 2011 to confirm the information included in the audited financial statements and statement of service performance presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

STATEMENT OF OBJECTIVES AND SERVICE PERFORMANCE

In 2010/11, the Government provided Asia:NZ 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”

Outcomes

This output is focused on the following outcomes:

- Contribute to New Zealand’s increased economic development
- Build New Zealand’s relationships and profile in Asia
- Prepare New Zealanders to increase their engagement with Asia

Activities

- 1. Greater direction of effort in support of business, trade and economic growth outcomes.**
 - A business programme to contribute to increasing the capacity of the New Zealand private sector and the Business Education Partnership bringing business and education communities together to increase Asian studies.
 - Introducing new capacity-building measures for businesses and support complementary Asian awareness programmes through education, culture and community activities and pathways with appropriate partners.
- 2. Increased emphasis on activities that focus on the strengthening of New Zealand’s relationship with ASEAN, across the range of Asia:NZ activities, including taking account of the ASEAN-Australia-New Zealand Free Trade Area.**
 - A Young Leaders Network and associated programmes, bringing together and building a community of young leaders who are active in strengthening New Zealand’s relationships with Asia.
 - Business and other internships across Asia, but with emphasis on identifying opportunities in ASEAN.
- 3. Closer linkages with other foreign and trade policy priorities relating to New Zealand’s security and economic aspirations in Asia.**
 - Ensuring a prime role for Asia:NZ in Track II engagement between New Zealand and Asia in the context of integrating New Zealand further into evolving regional political, economic and security structures.
 - Promoting the knowledge of Asia in New Zealand through, e.g. activities including media programmes, school curriculum material, study of Asian languages and cultures.
 - Research to ensure transfer of Asia knowledge across New Zealand.

STATEMENT OF OBJECTIVES AND SERVICE PERFORMANCE (CONTINUED)

Financial performance under this output is summarised below.

	Actual 2011 \$	Budget 2011 \$	Actual 2010 \$
Revenue			
Crown Output Agreement	4,000,000	4,000,000	2,000,000
Other revenue	1,513,069	1,569,679	1,567,072
Total revenue	5,513,069	5,569,679	3,567,072
Total expenses	5,418,766	5,742,679	5,378,705
Net surplus/(deficit) for the period	94,303	(173,000)	(1,811,633)

This year all activities are funded either by the Crown output agreement \$4,000,000 (2009/10 \$2,000,000), other revenues of \$1,513,069 (2009/10 \$1,567,072) or from reserves and nil for 2010/11 (2009/10 \$1,811,633).

Performance measures and results

The output agreement specifies certain activities and outcomes to be achieved with the funding provided. For each activity and outcome, performance measures have been established and results are detailed below. Results are shown for the three years of the strategic plan, with 2010/11 being the final year. Please note activities funded from other revenues and reserves may also contribute towards the same output agreement outcome.

Measure	Result												
Level of Asia literacy and engagement with Asia by constituents (surveying)	<p>An on-line survey by Colmar Brunton "<i>Measuring the Success of the Asia New Zealand Foundation</i>" was developed for the first time in the 2008/09 year. This survey was designed to measure the impact of Asia:NZ programmes and requests information to document evidence of increased activity and engagement with Asia.</p> <p>In the 2010/11 year more than three-quarters of stakeholders (77%) said that, over the previous 12 months, Asia:NZ had helped them to engage with the peoples and countries of Asia (up from 74% in 2008/09 and similar to 78% result in 2009/10). The main reasons for saying this centre on the range of networking opportunities provided by Asia:NZ (47% vs. 48% in 2009/10 and 42% in 2008/09).</p> <table border="1"> <tr> <td>2008/09 goal:</td> <td>new measure</td> <td>2008/09 actual:</td> <td>74%</td> </tr> <tr> <td>2009/10 goal:</td> <td>74%</td> <td>2009/10 actual:</td> <td>78%</td> </tr> <tr> <td>2010/11 goal:</td> <td>78%</td> <td>2010/11 actual:</td> <td>77%</td> </tr> </table>	2008/09 goal:	new measure	2008/09 actual:	74%	2009/10 goal:	74%	2009/10 actual:	78%	2010/11 goal:	78%	2010/11 actual:	77%
2008/09 goal:	new measure	2008/09 actual:	74%										
2009/10 goal:	74%	2009/10 actual:	78%										
2010/11 goal:	78%	2010/11 actual:	77%										

STATEMENT OF OBJECTIVES AND SERVICE PERFORMANCE

(CONTINUED)

Measure	Result												
<p>Level of New Zealand public awareness of the importance of Asia to New Zealand (social research)</p>	<p>An attitudinal research project “Perceptions of Asia” has been undertaken since 1994. Results for 2010/11 showed that more than three-quarters of New Zealanders (77%) see the Asian region as important to New Zealand’s future (vs. 81% in 2009/10 and 75% in 2008/09). Consistent with previous years, the Asian region is rated as more important than Europe, North America, South Pacific, South America and Africa. Only Australia with 86% rates as being more important to New Zealand’s future than Asia. Nearly nine in ten New Zealanders (87%) believe it is important to develop cultural and economic ties with the peoples and countries of Asia.</p> <p>In 2009, the research illustrated a spike in New Zealanders’ perceptions of the importance of all regions in the world, including Asia, thought by the researchers to be due to the global economic recession and a greater realisation of the influence of foreign economies on New Zealand.</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <tr> <td style="width: 25%;">2008/09 goal</td> <td style="width: 25%;">new measure</td> <td style="width: 25%;">2008/09 actual</td> <td style="width: 25%;">75%</td> </tr> <tr> <td>2009/10 goal</td> <td>75%</td> <td>2009/10 actual</td> <td>81%</td> </tr> <tr> <td>2010/11 goal</td> <td>81%</td> <td>2010/11 actual</td> <td>77%</td> </tr> </table>	2008/09 goal	new measure	2008/09 actual	75%	2009/10 goal	75%	2009/10 actual	81%	2010/11 goal	81%	2010/11 actual	77%
2008/09 goal	new measure	2008/09 actual	75%										
2009/10 goal	75%	2009/10 actual	81%										
2010/11 goal	81%	2010/11 actual	77%										
<p>Increased engagement to support New Zealand’s trade and economic interests in Asia, including Track II and regional economic integration objectives</p>	<p>The Asia:NZ business programme has been enhanced by ensuring it continues to be a focus across the foundation’s work areas. Priority has been given to the implementation of the Business Education Partnership, an initiative of Asia:NZ launched in November 2009 by Minister Anne Tolley. This is a call by New Zealand business for inclusion of Asian studies in schools and the education sector. It has been expanded to provide for a growing series of business/school partnerships to promote and assist with Asian studies. In addition the Asia:NZ business internship programme has expanded, particularly in ASEAN countries, and now provides opportunities, working with private sector partners, for young New Zealanders in Cambodia, Indonesia, Vietnam, China, Taiwan and Japan. Other activities include a business leaders’ speakers series, support of business organisations and supporting the work of the government in promoting the negotiations of free trade agreements, including chairing of the Japan-New Zealand Partnership Forum and supporting the Korea-NZ Roundtable. Asia:NZ has also been involved in the “NZ Inc” country strategies being prepared by government.</p> <p>Priority is also given to the further development of the Asia:NZ Young Leaders’ Network. This initiative has created a group of outstanding young people (current membership of over 350) to inspire fresh thinking on building a more integrated and prosperous future between New Zealand and Asia. The network offers a range of events and opportunities both in New Zealand and offshore to equip members with the skills and knowledge required to build links between New Zealand and Asia.</p> <p>Asia:NZ continues to position itself as the leading Track II organisation in New Zealand with respect to Asia in the political and security area. Dialogues are conducted between New Zealand and Vietnam, ASEAN/Australia, China, Japan and India and work has been done to progress the introduction of dialogues with Taiwan, Korea and with United States/Australia think tanks. Part of the strategy in the Track II arena is a drive to introduce a new generation of New Zealanders to Track II participation. A Track II register has been set up by Asia:NZ to ensure there is diversity in New Zealand representation and all meetings are reported on the Asia:NZ online website.</p>												
<p>Government priorities in Asia supported through Asia:NZ programmes (stakeholder satisfaction with consultation processes and alignment of programmes in support of government priorities on scale of 1 = not satisfactory to 5 = very satisfactory)</p>	<p>A formal consultation with government stakeholders was introduced for 2010/11. The Foundation has regular contact with key government departments and has, as a priority, cooperated in “NZ Inc” activities, including country strategies, events around the meeting of Asia:NZ honorary advisers in November 2010 with government agencies and business associations and providing speaking platforms and speakers for relevant events. The Asia:NZ executive regularly meets with the Ministry of Education, NZTE, MFAT, Creative NZ, Department of Labour, Statistics New Zealand, Office of Ethnic Affairs and the Ministry of Defence.</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <tr> <td style="width: 25%;">2010/11 goal</td> <td style="width: 25%;">Average of 3</td> <td style="width: 25%;">2010/11 actual</td> <td style="width: 25%;">Average of 4</td> </tr> </table>	2010/11 goal	Average of 3	2010/11 actual	Average of 4								
2010/11 goal	Average of 3	2010/11 actual	Average of 4										

STATEMENT OF OBJECTIVES AND SERVICE PERFORMANCE (CONTINUED)

In addition to the performance measures noted in the output agreement, Asia:NZ provides for external evaluations of two elements of its strategic plan every year. The results of these are used to inform further development of programmes. During the 2010/11 year, evaluations were undertaken as follows:

Measure	Result
Evaluation of the school leadership programme	<p>An evaluation was carried out in April 2011 by Kathe Kirby, Executive Director, Asia Education Foundation of Australia. The aims of her evaluation were to address a range of questions that included the success of the programme to date, future priorities and the management and resourcing of the programme.</p> <p>Key findings of the evaluation noted that the school leadership programme has been successful in raising the awareness of the importance of Asia, that the right approach has been employed to developing Asia Aware Principals and that the programme is pivotal to achieving Asia:NZ's strategic goals.</p> <p>As a result of this evaluation Asia:NZ is working to implement the recommendations of the report, including:</p> <ul style="list-style-type: none"> ▪ continuing to prioritise focus on school leaders as key agents of change ▪ continuing with the current suite of strategies to engage and support New Zealand school leaders ▪ adapting the strategy to take into account the specific needs of primary and secondary school leaders ▪ establishing an advisory group to progress engagement ▪ continuing to work with the Ministry of Education and other relevant organisations ▪ providing national thought leadership through development and promotion of Asia-awareness ▪ considering further ways to measure student progress related to Asia awareness ▪ partnering with professional associations and developing school change support materials
Evaluation of the Track II diplomacy programme	<p>This evaluation by Alex Oliver, Research Fellow, Lowy Institute for International Policy, Australia was carried out during the last quarter of the reporting period. The results are due by October 2011.</p>
Evaluation of the media grant programme	<p>This evaluation by an independent contractor was scheduled for the 2009/10 year. It was delayed following the ill health of the contractor. The review has since been received and indicated a positive view of the Asia:NZ media grants programme with all participants in the evaluation endorsing the programme. As a result Asia:NZ is working to implement the following recommendations drawn from the report:</p> <ul style="list-style-type: none"> ▪ continuing provision of editorial freedom to grantees ▪ targeting newsroom managers and experienced journalists as well as younger graduates ▪ including New Zealand media organisations in the selection of grantees ▪ continuing to be transparent and clear in the selection process of candidates and communicating this to media organisations ▪ encouraging applicants to extend beyond coverage of trade or business and to include assignments relevant to other areas of Asia:NZ's work (education, culture, research)

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2011

	Note	Actual 2011 \$	Budget 2011 \$	Actual 2010 \$
Income				
Crown Revenue	2	4,000,000	4,000,000	2,000,000
Project Funding	2	946,557	1,249,024	1,012,167
Interest Income		116,825	55,752	141,525
Core Sponsorship		70,000	70,000	95,000
Donated Income	2	279,918	176,000	222,394
Management Income	2	18,650	20,163	26,068
Other Revenue		81,119	18,903	95,986
Total income		5,513,069	5,589,842	3,593,140
Expenditure				
Personnel Costs	3	1,518,168	1,533,146	1,582,043
Project expenditure	4	1,289,988	1,374,639	1,285,555
Depreciation and amortisation	9, 10	133,733	125,385	145,657
Other expenditure	5	2,476,877	2,729,672	2,391,518
Total expenditure		5,418,766	5,762,842	5,404,773
Net surplus/(deficit) for the period		94,303	(173,000)	(1,811,633)
Other comprehensive income		-	-	-
Total comprehensive income for the year		94,303	(173,000)	(1,811,633)

Explanations of significant variances against budget are detailed in note 28.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2011

	Actual 2011 \$	Budget 2011 \$	Actual 2010 \$
Accumulated funds as at 1 July	1,895,389	1,880,022	3,707,022
Total comprehensive income for the year	94,303	(173,000)	(1,811,633)
Accumulated funds as at 30 June	1,989,692	1,707,022	1,895,389

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

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2011

	Note	Actual 2011 \$	Budget 2011 \$	Actual 2010 \$
ASSETS				
Current Assets				
Cash and cash equivalents	6	150,979	155,400	281,749
Trade and other receivables	7	237,887	45,500	83,104
GST		-	-	12,633
Investments	8	3,330,000	2,500,000	3,412,536
Total current assets		3,718,866	2,700,900	3,790,022
Non-current assets				
Property, plant and equipment	9	650,163	220,716	256,886
Intangible assets	10	9,573	44,363	27,769
Investments	8	-	625,000	-
Total non-current assets		659,736	890,079	284,655
Total assets		4,378,602	3,590,979	4,074,677
LIABILITIES				
Current liabilities				
Trade and other payables	11	521,691	261,000	415,025
Employee entitlements	12	145,514	85,000	152,501
GST		30,130	30,000	-
Total current liabilities		697,335	376,000	567,526
Non-current liabilities				
Provisions	13	68,402	105,000	119,056
Lease Incentive	14	224,676		
<i>Funds managed by Asia:NZ</i>				
Korea Fund	17	789,880	800,954	785,330
Orion Fund	18	-	-	59,853
Mervyn Barnett Fund	16	-	-	53,233
Japan Fund	15	608,617	602,003	594,289
Total non-current liabilities		1,691,575	1,507,957	1,611,761
Total liabilities		2,388,910	1,883,957	2,179,287
NET ASSETS		1,989,692	1,707,022	1,895,390
ACCUMULATED FUNDS				
General funds		1,989,692	1,707,022	1,895,390
TOTAL ACCUMULATED FUNDS		1,989,692	1,707,022	1,895,390

Explanations of major variances against budget are provided in note 28.

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2011

Note	Actual 2011 \$	Budget 2011 \$	Actual 2010 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Supply of outputs to the Crown	4,000,000	4,000,000	2,000,000
Other income	957,034	1,050,357	921,407
Income on behalf of funds	26,500	87,462	29,500
	4,983,534	5,137,819	2,950,907
Cash was distributed to:			
Payments to suppliers	(3,228,145)	(3,455,965)	(3,161,058)
Payments to employees	(1,571,518)	(1,509,060)	(1,551,993)
Payments on behalf of funds	(146,547)	(139,644)	(164,710)
Net GST paid	59,666	120,000	(148,145)
	(4,886,544)	(4,984,669)	(5,025,906)
Net cash outflow from operating activities	19	96,992	153,150
			(2,074,999)
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Interest received	205,187	62,218	265,356
Investments maturing	4,316,000	4,000,000	4,174,000
	4,521,187	4,062,218	4,439,356
Cash was distributed to:			
Acquisition of investments	(4,330,000)	(4,260,000)	(2,450,000)
Purchase of property, plant and equipment	(419,164)	(45,000)	(58,305)
Purchase of intangibles	-	(30,000)	-
	(4,749,164)	(4,335,000)	(2,508,305)
Net cash inflow/(outflow) from investing activities	(227,977)	(272,782)	(1,931,051)
Net (decrease)/increase in cash and cash equivalents	(130,987)	(119,632)	(143,948)
Plus opening cash	281,749	275,032	425,697
Closing cash and cash equivalents	6	150,979	155,400
			281,749

The GST (net) component of cash flows from operating activities reflects the net GST paid to and received from the Inland Revenue Department. 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 28.

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

NOTES TO THE FINANCIAL STATEMENTS:

Note 1: Statement of accounting policies for the year ended 30 June 2011

Reporting entity

Asia:NZ is a 4th schedule 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, Asia:NZ has reported on the funding administered on behalf of the Crown in the Statement of Objectives and Service Performance.

Asia:NZ's primary objective is to provide public services to the New Zealand public, as opposed to that of making a financial return.

Asia:NZ is a Public Benefit Entity in terms of the International Financial Reporting Standards and as such has applied the appropriate clauses in those standards.

The financial statements for Asia:NZ are for the year ended 30 June 2011, and were approved by the Audit and Risk Committee on 21 September 2011.

Measurement base and statement of compliance

The financial statements have been prepared in accordance with NZ GAAP. The financial statements have been prepared on a historical cost basis and are presented in New Zealand dollars being the functional currency of Asia:NZ. All values are rounded to the nearest dollar.

They comply with New Zealand equivalents to IFRS (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

Changes in accounting policies

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

Standards, amendments and interpretations issued that are not yet effective and have not been early adopted

Standards, amendments and interpretations issued but not yet effective that have not been early adopted and which are relevant to Asia:NZ include:

- NZ IAS 24 Related Party Disclosures (Revised 2009) replaces NZ IAS 24 Related Party Disclosures (Issued 2004). The revised standard simplifies the definition of a related party and clarifies its intended meaning. Asia:NZ has chosen not to early adopt the revised standard.
- NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through three main phases. Phase one on the classification and measurement of financial assets is complete and has been published in the new financial instrument standard NZ IFRS 9. The new standard is required to be adopted for the year ended 30 June 2014. Asia:NZ has not yet assessed the effect of the new standard and does not expect it to be adopted earlier.

Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Revenue

Revenue is measured at the fair value of consideration received or receivable.

Outputs to the Crown

Asia:NZ 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 (MFAT) at the beginning of the year and income is recognised according to this schedule.

Interest income

Interest income is recognised using the effective interest method.

Other revenue

Asia:NZ also receives revenue from core sponsorship and specific project funding from third parties. Such revenue is recognised when earned and is reported in the financial period to which it relates.

Donated assets and services

Asia:NZ also receives revenue from donated goods. Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as revenue. Assets donated to Asia:NZ are recognised as revenue when control over the asset is obtained.

Asia:NZ receives revenue from donated services. These are valued, using either a third party valuation or a similar service as a proxy, and are included in the statement of comprehensive income. The total value of donated services is shown as both income and expenditure in the statement of comprehensive income. Services donated to Asia:NZ are recognised as revenue when the service has been delivered.

Grant expenditure

Discretionary grants are those grants where Asia:NZ has no obligation to award on receipt of the grant application. These grants are only recognised as expenditure when a successful applicant has been notified of the Asia:NZ 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 statement of comprehensive income.

Income tax

Asia:NZ 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.

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 initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

A provision for impairment of receivables is established when there is objective evidence that Asia:NZ will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted using the effective interest method.

Investments

Asia:NZ 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 Asia:NZ 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 the asset is impaired or derecognised are recognised in the statement of comprehensive income. Investments in this category include term deposits with maturities in excess of three months.

Purchases and sales of investments are recognised on trade-date, the date on which Asia:NZ commits to purchase or sell the asset. 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 is shown at cost or valuation, less accumulated depreciation and impairment losses

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, the future service potential associated with the item will flow to Asia:NZ and the cost of the item can be measured reliably. Where an asset is acquired at no cost, or nominal cost, 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 asset. Gains and losses on disposal are included in the statement of comprehensive income.

Subsequent costs

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

Depreciation

Depreciation is provided on a straight line basis on all plant and equipment, at rates that will write off the cost 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 assets have been estimated as follows:

Leasehold improvements	5.5 – 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 – 3.5 years	29 - 36%
Festival equipment	2 – 5 years	20 - 50%

The residual value and useful life of an asset is 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 licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software are recognised as an expense when incurred. Costs associated with the development and maintenance of Asia:NZ's website are recognised as an expense when incurred.

Staff training costs are recognised as an expense when incurred.

Amortisation

The carrying value of the 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 statement of comprehensive income. The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Computer software	3 years	33%
-------------------	---------	-----

Impairment of non-financial assets

Property, plant and equipment and intangible assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the statement of comprehensive income for the amount by which the asset's carrying amount exceeds its fair value.

Trade and other payables

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

Employee benefits

Employee benefits that Asia:NZ expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay. These include accrued salaries and wages, annual leave earned to, but not yet taken at balance date and sick leave.

Asia:NZ 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 Asia:NZ anticipates that it will be used by staff to cover those future absences.

Asia:NZ recognises a liability and expense for bonuses where they are contractually obliged.

Defined contribution superannuation schemes

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the statement of comprehensive income when incurred.

Provisions

Asia:NZ 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 expenditures 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 expenditures 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.

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 irrecoverable as an input tax, then it is recognised as part of the related asset or expense.

The net GST paid to or received from the Inland Revenue Department, 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.

Budget figures

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

Critical accounting estimates and assumptions

In preparing these financial statements Asia:NZ 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 a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Property, plant and equipment useful lives and residual value

At each balance date Asia:NZ reviews the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires Asia:NZ to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by Asia:NZ and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will impact the depreciation expense recognised in the statement of financial performance, and carrying amount of the asset in the statement of financial position. Asia:NZ minimises the risk of this estimation uncertainty by:

- physical inspection of assets
- asset replacement programs

Asia:NZ has not made significant changes to past assumptions concerning useful lives and residual values.

Provisions

At each balance date Asia:NZ reviews the carrying amount of the make good provision for both 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 in the make good calculation will impact the depreciation expense in the statement of comprehensive income, and the carrying amount of the leasehold improvements asset in the statement of financial position.

Critical judgements in applying Asia:NZ accounting policies

Management has exercised the following critical judgements in applying Asia:NZ accounting policies for the period ended 30 June 2011:

Financial asset classification

There are four classification categories for financial assets. Determining Asia:NZ investments fit into the “held to maturity” category, requires judgement as to whether there are fixed or determinable payments and “fixed maturity”, that Asia:NZ has the positive intent and ability to hold to maturity.

Asia:NZ has exercised its judgement on the appropriate classification of our 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 Asia:NZ.

Judgement is required to 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.

Asia:NZ has exercised its judgement on the appropriate classification of equipment leased and determined the lease arrangement as an operating lease.

Cost of service statements

Asia:NZ has a single output. Therefore, all costs shown in the cost of service statement, as reported in the statement of objectives and service performance, are allocated directly to that output.

Managed funds

Asia:NZ has a number of funds that it manages. Each one is described below.

Japan Fund

This fund is included as part of Asia:NZ investments and interest is allocated to the fund throughout the year. Asia:NZ charges a 10 percent management fee based on total expenditure in the year.

Korea Fund

This fund is included as part of the Asia:NZ investments. Asia:NZ allocates interest to the fund throughout the year. Third party donations are credited directly to the fund. Asia:NZ charges a 10 percent management fee based on total expenditure in the year.

Mervyn Barnett Fund

This fund is included as part of the Asia:NZ investments. Asia:NZ allocates interest to the fund at the end of each financial year. Third party donations are credited directly to the fund and interest is earned from the day the donation is received. Asia:NZ charges a 10 percent management fee based on total expenditure in the year. In accordance with agreement of the contributor, this fund was drawn down at the end of 2010/11. The balance contributed to the foundation's business programme.

Orion Fund

This fund is included as part of the Asia:NZ investments and represents the balance of a \$1 million donation originally received by Asia:NZ from an anonymous Japanese benefactor. In accordance with agreement of the contributor, this fund was drawn down during 2010/11. The balance contributed to the foundation's projects involving people to people exchanges with New Zealand and the Kansai area of Japan.

Management fees for funds managed

Fees are charged either at an agreed rate or a flat fee of 10 percent of total expenditure incurred during the year. These fees are deducted from other expenditure on the statement of comprehensive income.

Note 2: Analysis of revenue

	2011 \$	2010 \$
CROWN REVENUE		
<i>From the Ministry of Foreign Affairs & Trade</i>		
Output Agreement	4,000,000	2,000,000
Additional funding	-	-
Total Crown Revenue	4,000,000	2,000,000
PROJECT FUNDING		
Lantern Festivals	550,960	635,675
Diwali Festivals	304,993	281,546
Singapore Scholarships	90,604	94,946
Total project funding	946,557	1,012,167
DONATED INCOME		
<i>Donated Services</i>		
Management Services	12,500	11,270
Lantern Festivals	157,808	111,570
Diwali Festivals	109,610	79,468
	279,918	202,308
<i>Donated Assets</i>		
Lantern Festivals	-	20,086
Total donated income	279,918	222,394
MANAGEMENT INCOME		
Singapore Scholarships	9,815	10,550
Korea Fund	3,485	4,896
Japan Fund	5,350	6,950
Orion project	-	3,672
Total management income	18,650	26,068

Note 3: Employee benefit expenses

	2011 \$	2010 \$
Salaries and wages	1,505,488	1,533,087
Kiwisaver Employer contributions	19,667	19,850
Increase' (decrease) in employee benefit liabilities	(6,987)	29,106
Total Employee benefit expenses	1,518,168	1,582,043

Note 4: Project expenditure

	2011 \$	2010 \$
Lantern Festivals	717,184	816,031
Diwali Festivals	434,332	359,575
Singapore Scholarships	138,472	109,949
Total Project Expenditure	1,289,988	1,285,555

Note 5: Other expenditure

	2011 \$	2010 \$
Fees paid to auditors		
- Audit fees for financial statement audit	21,816	27,033
Grants awarded	638,750	647,931
Operating lease payments	315,736	270,730
Board of Trustees expenses (Note: no fees were paid to the Trustees)	52,541	47,115
Telecommunications	36,882	30,326
Insurance premiums	7,899	7,782
Other operating expenditure	1,403,253	1,360,601
Total other expenditure	2,476,877	2,391,518

Note 6: Cash and cash equivalents

	30 June 2011 \$	30 June 2010 \$
Cash and bank	150,979	281,749
Total cash and cash equivalents	150,979	281,749

Note 7: Trade and other receivables

	30 June 2011 \$	30 June 2010 \$
Trade receivables	92,519	13,113
Prepayments	65,893	69,991
Interest receivable	79,475	-
Total trade and other receivables	237,887	83,104

Fair value

Trade receivables are non-interest bearing and receipt is normally on 30-day terms, therefore the carrying value of trade receivables approximates their fair value.

The status of trade receivables as at 30 June 2011 and 30 June 2010 are detailed below:

	2011 \$	2010 \$
Not past due	61,820	12,261
Past due 1 – 30 days	1,810	852
Past due > 30 days	28,889	-
Total trade receivables	92,519	13,113

Note 8: Investments

		30 June 2011 \$	30 June 2010 \$
Current portion			
<i>Held to maturity</i>			
Term deposits maturing in the following	12 months	3,330,000	3,412,536
Non-current portion			
<i>Held to maturity</i>			
Term deposits maturing in over 12 months		-	-
Total investments		3,330,000	3,412,536

The carrying value of term deposits with terms greater than three months approximates their amortised cost using the effective interest method. There were no impairment provisions for investments.

Maturity analysis and effective interest rates

The maturity dates for held to maturity investments are as follows:

Maturity	<12months	>12months
2011		
Term deposits	3,330,000	-
Average maturity	324 days	-
Weighted average effective interest rate	4.77%	-
2010		
Term deposits	3,412,536	-
Average maturity	405 days	-
Weighted average effective interest rate	4.55%	-

The carrying amount of term deposits approximates their amortised cost using the effective interest method, an increase or decrease in interest rates during the period would not impact the measurement of the investments and hence there would be no impact on the surplus/deficit or equity.

Note 9: Property, plant and equipment

	Leasehold improvements \$	Computer equipment \$	Festival equipment \$	Furniture & fittings \$	Office equipment \$	Total \$
2011						
At 1 July 2010						
Cost	138,137	141,180	375,314	94,571	47,495	796,697
Accumulated depreciation	(114,883)	(102,408)	(228,084)	(71,731)	(22,705)	(539,811)
Net book value	23,254	38,772	147,230	22,840	24,790	256,886
Additions	365,822	23,287	57,126	64,655	538	511,428
Disposals	(118,680)	(36,359)	(1,416)	(27,166)	(2,658)	(186,279)
Accumulated depreciation eliminated on disposal	118,680	36,359	260	25,709	2,658	183,666
Depreciation charge	(19,967)	(23,030)	(56,349)	(9,116)	(7,076)	(115,538)
Closing net book value	369,109	39,029	146,851	76,922	18,252	650,163
At 30 June 2011						
Cost	385,279	128,108	431,024	132,060	45,375	1,121,846
Accumulated depreciation	(16,170)	(89,079)	(284,173)	(55,138)	(27,123)	(471,683)
Net book value	369,109	39,029	146,851	76,922	18,252	650,163
2010						
At 1 July 2009						
Cost	113,508	124,717	329,236	89,602	64,049	721,112
Accumulated depreciation eliminated on disposal	(77,346)	(80,874)	(180,635)	(68,103)	(34,003)	(440,961)
Net book value	36,162	43,843	148,601	21,499	30,046	280,150
Additions	24,664	19,215	53,559	8,262	2,358	108,058
Disposals	(35)	(2,752)	(7,481)	(3,293)	(18,912)	(32,473)
Accumulated depreciation	34	2,309	3,484	3,293	18,872	27,992
Depreciation charge	(37,571)	(23,843)	(50,933)	(6,921)	(7,574)	(126,842)
Closing net book value	23,254	38,772	147,230	22,840	24,790	256,886
At 30 June 2010						
Cost	138,137	141,180	375,314	94,571	47,495	796,697
Accumulated depreciation	(114,883)	(102,408)	(228,084)	(71,731)	(22,705)	(539,811)
Net book value	23,254	38,772	147,230	22,840	24,790	256,886

Note 10: Intangible assets

	30 June 2011 \$	30 June 2010 \$
Software at 1 July		
Cost	89,864	98,050
Accumulated amortization	(62,095)	(51,466)
Opening carrying value	27,769	46,584
Additions	-	-
Disposals	(18,898)	(8,186)
Accumulated amortization eliminated on disposal	18,897	8,186
Amortisation charge	(18,195)	(18,815)
Closing carrying value	9,573	27,769
Balance at 30 June		
Cost	70,964	89,864
Accumulated amortisation	(61,391)	(62,095)
Closing carrying value	9,573	27,769

Note 11: Trade and other payables

	30 June 2011 \$	30 June 2010 \$
Trade payables	126,326	98,577
Grants payable	238,631	205,985
Revenue in advance	82,470	33,000
Accrued expenses	74,264	77,463
Total trade and other payables	521,691	415,025

Trade and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade and other payables approximates their fair value.

Note 12: Employee entitlements

	30 June 2011 \$	30 June 2010 \$
Accrued salary and wages	45,321	50,736
Annual leave	100,193	101,765
Total employee benefit liabilities	145,514	152,501

No liability has been recognised for sick leave, as Asia:NZ does not anticipate future absence to be significant

Note 13: Provisions

	30 June 2011 \$	30 June 2010 \$
Non-current provisions		
<i>Lease make good provision</i>		
Opening balance	119,056	95,966
Additional provisions made during the year	65,346	23,090
Provisions used during the year	(116,000)	
Closing balance	68,402	119,056

The property lease agreements in both Wellington and Auckland require Asia:NZ to reinstate the office spaces to their original conditions, upon termination of the leases. This would include removing partitioning, redecorating and replacing carpets.

Note 14: Lease Incentive

	30 June 2011 \$	30 June 2010 \$
Lease Incentive		
Opening balance		
Lease Incentive received	230,000	
Lease Incentive used during the year	5,324	
Closing balance	224,676	

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.

Note 15: Japan Fund

	2011 \$	2010 \$
Balance at 1 July	594,289	602,003
Income		
Interest apportioned	29,678	27,236
Donation from Nakashimato Scholarship Foundation	26,500	26,500
Total Income	56,178	53,736
Less: Expenditure		
Grants awarded	11,500	29,500
Nakashimato Scholarship grant awarded	25,000	25,000
Administration expenses	5,350	6,950
Total Expenditure	41,850	61,450
Balance at 30 June	608,617	594,289

On 30 June 2008 the New Zealand-Japan Young People's Exchange Programme Trust was wound up, management of the funds transferred to Asia:NZ. Asia:NZ allocates interest to the fund throughout the year and charge a 10 percent management fee based on total expenditure.

Note 16: Mervyn Barnett Fund – Endowment Fund

	2011 \$	2010 \$
Balance at 1 July	53,233	51,299
Interest apportioned	2,656	1,934
Expenditure	55,889	-
Balance at 30 June	-	53,233

This fund is for mutually agreed upon projects that relate to private sector links with the Asian region. Asia:NZ does not have the right to income from this fund and interest is apportioned to it each year. Asia:NZ takes a management charge of 10 percent of expenditure when the fund is allocated to a specific project. In accordance with agreement of the contributor, this fund was drawn down at the end of 2010/11. The balance contributed to the foundation's business programme.

Note 17: Korea Fund

	2011 \$	2010 \$
Balance at 1 July	785,330	800,954
Income		
Interest apportioned	39,218	36,236
Grants returned	3,672	-
Total Income	42,890	36,236
Less: Expenditure		
Grants & scholarships	34,855	46,964
Management fee	3,485	4,896
Total Expenditure	38,340	51,860
Balance at 30 June	789,880	785,330

Asia:NZ has been responsible for the Korea Fund since 1995. It was formerly managed by Victoria University of Wellington and the New Zealand Institute of International Affairs, under the supervision of an informal advisory board. Funds held are in the nature of an endowment fund, with activity being financed primarily from interest on investments. Asia:NZ receives a 10 percent management charge based on total expenditure from the fund.

Note 18: Orion Fund

	2011 \$	2010 \$
Balance at 1 July	59,853	160,283
Expenditure		
Japanese Teachers to New Zealand Programme (managed by Kansai NZ Centre, Japan)	30,044	30,017
NZ Rugby Camp Programme (managed by Kansai NZ Centre, Japan)	29,809	30,018
New Zealand Language Teachers to Japan Programme (managed by Asia:NZ)	-	36,723
Management fee paid to Asia:NZ	-	3,672
	-	100,430
Balance at 30 June	-	59,853

The fund is used for the promotion of people to people exchanges between New Zealand and the Kansai region of Japan. Asia:NZ is entitled to the interest on this fund. A management fee of 10 percent of the project costs of programmes managed by Asia:NZ staff is charged to the fund. In accordance with agreement of the contributor, this fund was drawn down during 2010/11. The balance contributed to the foundation's projects involving people to people exchanges with New Zealand and the Kansai area of Japan.

Note 19: Reconciliation of the net surplus from operations with the net cash flows from operating activities

	2011 \$	2010 \$
Net surplus/(deficit) from operations	94,303	(1,811,633)
Add/(less) non-cash items:		
Depreciation	133,733	145,657
Fund management income	(7,335)	(14,019)
Increase lease provision	65,346	23,090
Donated assets income	-	(20,086)
Other non-cash items	(2,508)	(4,828)
Total non-cash items	189,236	129,814
Add/(less) movements in working capital items:		
Decrease/(increase) in receivables	(79,406)	(11,094)
Decrease/(increase) in prepayments	4,098	(15,543)
(Decrease)/increase in payables	74,020	(45,682)
(Decrease)/increase in grants payable	32,646	30,222
(Decrease)/increase in employee entitlements	(6,987)	29,106
(Decrease)/increase in GST liability	42,763	(46,659)
Net working capital movements	67,134	(59,650)
Add/(less) Investing activities		
Interest received	(205,187)	(265,356)
	(205,187)	(265,356)
Add/(less) movements in funds managed:		
Payments made on behalf of funds	(146,547)	(162,580)
Interest received on behalf of funds	71,553	65,406
Other income received on behalf of funds	26,500	29,000
Net movement in funds managed	(48,494)	(68,174)
NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES	96,992	(2,074,999)

Note 20: Capital commitments and operating leases

	30 June 2011 \$	30 June 2010 \$
Capital commitments		
Festival equipment	-	1,370
Operating leases as lessee		
Not later than one year	211,078	209,077
Later than one year and not later than five years	760,318	24,076
Five years or more	649,498	
Total	1,620,894	233,153

Operating leases include a photocopier lease and the office premises lease on both the Wellington and Auckland offices. The Auckland office lease became effective on 1 April 2008. This is a three year lease with two rights of renewal for a total of nine years. The Wellington office lease became effective on 15 April 2011, and is for a term of nine years.

Note 21: Contingent Liabilities

There were no contingent liabilities as at 30 June 2011 (2010 – Nil).

Note 22: Related party transactions

Asia:NZ is an entity of the Crown under the Public Finance Act 4th Schedule. The Government provides funding to Asia:NZ through the Ministry of Foreign Affairs and Trade. The Board has entered into a number of transactions with government departments, Crown agencies and state-owned enterprises on an arm's length basis. Where those parties are acting in the course of their normal dealings with Asia:NZ, related party disclosures have not been made.

New Zealand Trade and Enterprise (NZTE) contributed \$70,000 as core sponsorship to Asia:NZ. Board member Peter Chrisp is the chief executive officer of NZTE and board member John Allen is an ex-officio member of the board of NZTE.

During the year a grant was made to the Virtual Trade Mission Trust for \$4,000 towards the costs of New Zealand participation in the international student event associated with the APEC Leaders meeting in Japan. Tony Nowell, a board member during the reporting period, is represented on the board of the Virtual Trade Mission Trust. Decisions on grants to this organisation are made by executive management. Tony Nowell did not take part in the discussion or decision making process for this grant.

Key management personnel compensation	2011 \$	2010 \$
Salaries and other short term employee benefits	915,731	945,431
Total	915,731	945,431

Key management personnel include the executive director, deputy executive director, five programme directors and members of the Board of Trustees. The 2010 comparatives included the accountant as an key management personnel and excluded the Kiwisaver employer contributions.

Employee remuneration	2011	2010
Total remuneration paid		
\$100,000 - 109,999	-	1
\$110,000 - 119,999	-	-
\$120,000 - 129,999	1	-
\$130,000 - 139,999	1	1
\$140,000 - 149,999	-	-
\$150,000 - 159,999	-	-
\$160,000 - 169,999	1	1
\$170,000 - 179,999	-	-
\$180,000 - 189,999	-	-
\$190,000 - 199,999	-	-
\$200,000 - 209,999	-	-
\$210,000 - 219,999	-	-
\$220,000 - 229,999	1	1

Note 23: Events after the balance date

There were no significant events after the balance sheet date.

Note 24: Financial instrument categories

The accounting policies for financial instruments have been applied to the line items below:

	30 June 2011 \$	30 June 2010 \$
Financial assets		
<i>Loans and receivables</i>		
Cash and cash equivalents	150,979	281,749
Trade and other receivables	237,887	83,104
	388,866	364,853
<i>Held to maturity</i>		
Investments	3,330,000	3,412,536
Financial liabilities		
<i>Financial liabilities at amortised cost</i>		
Trade and other payables	521,691	415,026

Note 25: Financial instrument fair value hierarchy

Asia:NZ does not recognise any financial instruments at fair value (2010 – Nil).

Note 26: Financial instrument risks

Asia:NZ has a series of policies providing risk management for interest rates, operating and capital expenditures denominated in a foreign currency, and the concentration of credit. Asia:NZ is risk averse and seeks to minimise exposure from its treasury activities. Its policies do not allow any transactions which are speculative in nature.

Market Risk

The interest rates on Asia:NZ investments are disclosed in note 7.

Fair value Interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Asia:NZ's exposure to fair value interest rate risk is limited to its bank deposits which are held at a fixed rate of interest.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Asia:NZ currently has no variable interest rate investments (2010 – Nil).

Asia:NZ's investment policy requires investment maturity dates to be spread based on operational and investment fund requirements, this limits exposure to short term interest rate movements. Asia:NZ currently has no variable interest rate investments.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Asia:NZ has minimal exposure to currency risk.

Sensitivity analysis

As at 30 June 2011, if market interest rates had decreased by 50 basis points with all other variables held constant, the surplus for the year would have remained unchanged.

Credit risk

Credit risk is the risk that a third party will default on its obligation to Asia:NZ, causing Asia:NZ to incur a loss. Financial instruments which potentially subject Asia:NZ to risk consist principally of cash, investments, and trade receivables.

Asia:NZ places its investments with institutions that have a Standard and Poor's credit rating of at least A. It also reduces its exposure to risk by limiting the amount that can be invested in any one institution. Asia:NZ believes that these policies reduce the risk of any loss which could arise from its investment activities. Asia:NZ does not require any collateral or security to support financial instruments.

Maximum exposure to credit risk

Asia:NZ's maximum credit exposure for each class of financial instrument is as follows:

	2011 \$	2010 \$
Cash and bank and Investments	3,480,629	3,693,935
Trade and other receivables	237,887	83,104
Total	3,718,516	3,777,039

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings:

Counterparties with credit ratings	2011 \$	2010 \$
Cash at bank and Investments		
AAA	650,000	592,053
AA	1,640,000	2,343,470
AA-	1,040,000	758,412
Total	3,330,000	3,693,935

Liquidity Risk

Liquidity risk is the risk that Asia:NZ will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

In meeting its liquidity requirements, Asia:NZ maintains a target level of investments that mature within specified timeframes.

Contractual maturity analysis of financial liabilities

The table below analyses Asia:NZ's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows:

	2011 \$	2010 \$
Trade and other payables		
Less than one year	521,691	415,025
Total	521,691	415,025

Note 27: Capital Management

The Trust'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 its revenues, 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 effectively achieves its objectives and purpose, whilst remaining a going concern.

Note 28: Explanation of significant variance against budget

2010/11 was the final year of working towards the Asia:NZ outcomes in the current strategic plan.

Statement of comprehensive income

There were variations to budget across all programme areas. Asia:NZ received assistance from many partner organisations, which resulted in overall savings against budget. The variance in project funding relates to the cancellation of the Christchurch Lantern Festival due to the February earthquake.

Statement of financial position

The variances in property, plant and equipments, provisions and lease incentives are explained by the change of premises of the Wellington office during the financial year. The variances in investments balances against budget are due timing of investments and funds required due to the change in premises.

ORGANISATION INFORMATION

PATRON OF ASIA:NZ

The Governor-General, His Excellency the Right Honourable Sir Anand Satyanand, GNZM, QSO

BOARD OF TRUSTEES

Chairman: Hon Philip Burdon

Deputy Chairmen: Ken Douglas ONZ and Richard Nottage CNZM

Trustees: John Allen, Patricia Carter, Peter Chin, Peter Chrisp, Ruth DeSouza, Gavin Ellis, Raymond Huo MP, Professor Manying Ip, Melissa Lee MP, Richard Long, Rt Hon Sir Donald McKinnon ONZ, GCVO, Vino Ramayah, David Rishworth, Karen Sewell, Sir Ken Stevens KNZM, Wally Stone, Jim van der Poel and Bryan Williams 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; Mr John CC Chan

India: Dr Raghupati Singhanian

Indonesia: Amris Hassan, Firdaus Siddik

Japan: Soichiro Fukutake; Hirofumi Nakasone

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:NZ STAFF

Executive Director, Dr Richard Grant

Deputy Executive Director, Adele Mason

Director, Culture, Jennifer King MNZM

Director, Communications, John Saunders

Director, Education, Vanessa Lee

Director, Business, James Penn

Director, Research, Dr Andrew Butcher

Media Adviser, Rebecca Palmer

Web Content Manager, Paula Travaglia; Sue Yates

Schools Coordinator, Janine Chin

Young Leaders Network Coordinator, Melanie Crawford

Business Education Partnership Coordinator, Fiona Haiko

Project Officer, Culture, Monica Turner

Project Officer, Research, Brittany Chellew

Accountant, Charmaine Meyers; Sunita Soma

Executive Assistant, Paula McLaughlin

Administration Assistant, Deborah Dredge

Auckland Office Manager, Liyang Ma

SPONSORS

Asia:NZ 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:NZ 2010/11 projects:

Diwali Festival 2010

The Diwali Festival of Lights was held in partnership with Auckland Council in Auckland and Wellington City Council in Wellington. Main sponsors were the Lion Foundation, Barfoot and Thompson, TV3, Bikanervala, ANZ Bank, Cathay Pacific, Pelorus Trust, TV3, The Radio Network, Radio Tarana, Sri Vishnu Enterprises, Indian Council for Cultural Relations, High Commission of India and New Zealand Immigration Service.

Chinese Lantern Festival 2011

The Lantern Festival was held in partnership with Auckland Council in Auckland and supported by Christchurch City Council in Christchurch. HSBC was the Festival's core sponsor. The other sponsors were SkyCity Auckland Community Trust, Cathay Pacific, The Radio Network, TV3, Barfoot and Thompson, Hong Kong Economic and Trade Office, New Zealand Chinese Herald, Lion Foundation, Canterbury Community Trust, Mainland Foundation, China Travel Service, Christchurch Casino,

Chinese Ministry of Cultural, the Copthorne Hotel on Colombo Street Christchurch, the Southern Trust, Confucius Institute, University of Auckland and New Zealand Immigration Service.

Business Briefings Series

ASEAN-NZ Combine Business Council, Bell Gully and Minter Ellison Rudd Watts

Singapore Scholarship Programme

The Lee Foundation (Singapore) and Stanley Tan (Singapore).

New Zealand Japan Young Person's Exchange Programme

Nakashimoto Company Limited Fund.

Asia:NZ also acknowledges support from the following:

ANZ Bank, Asialink Australia, Asia Education Foundation, Bell Gully, China Daily Online, Confucius Institute, Creative New Zealand, Deccan Herald, Deloitte, International Herald Tribune Hong Kong, Industrial Technology Research Institute Taiwan, International Institute for Strategic Studies, Institute of Southeast Asian Studies (Singapore), Lowy Institute for International Policy, Jakarta Globe, JENESYS Programme of Japan Foundation, KPMG New Zealand, Kyushu Railway Japan, Philippine Star, Phnom Penh Post, Shanghai Daily and Korean contributors of the Korea Studies Programme.

DIRECTORY

Asia New Zealand Foundation

Fujitsu Tower, Level 16, 141 The Terrace
PO Box 10 144
WELLINGTON, 6143
Telephone: 64 4 471 2320
Facsimile: 64 4 471 2330
Email: asianz@asianz.org.nz
Website: www.asianz.org.nz

Auckland Office

Suite 3A, Level 3, 45 Anzac Avenue
PO Box 105-134
AUCKLAND, 1143
Telephone: 64 9 369 5014
Facsimile: 64 9 369 5017
Email: auckland@asianz.org.nz

Auditor

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

Banker

ANZ Bank, Wellington

Solicitor

Bell Gully, Wellington

Insurer

NZI, Wellington



ASIA NEW ZEALAND FOUNDATION
Level 16, Fujitsu Tower, 141 The Terrace, Wellington
PO Box 10 144, Wellington, 6143 New Zealand

Telephone: 64 4 471 2320

Facsimile: 64 4 471 2330

Email: asianz@asianz.org.nz

asia:nz *online* www.asianz.org.nz



asia:nz
FOUNDATION