

Annual Report
of the
Asia New Zealand Foundation
for the year ended 30 June 2016

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



THE MINISTER OF FOREIGN AFFAIRS

In accordance with the Crown Entities Act 2004 and the Public Finance Act 1989, I present, on behalf of the Asia New Zealand Foundation Board of Trustees, the annual report on the operations of the Foundation for the year ended 30 June 2016.

A handwritten signature in black ink, appearing to read 'John Luxton', is positioned above the printed name.

HON. JOHN LUXTON
Chairman

CONTENTS

MISSION STATEMENT	7
CHAIRMAN'S REPORT	8
EXECUTIVE DIRECTOR'S REPORT	10
GOVERNANCE AND ACCOUNTABILITY STATEMENT	12
Role of the board	12
Structure of the Asia New Zealand Foundation	12
Governance philosophy	13
STATEMENT OF RESPONSIBILITY	14
INDEPENDENT AUDITOR'S REPORT	15
STATEMENT OF PERFORMANCE	19
FINANCIAL STATEMENTS	23-42
Statement of comprehensive revenue and expense	23
Statement of changes in equity	23
Statement of financial position	24
Statement of cash flows	25
Notes to the financial statements	26
ORGANISATION INFORMATION	43
SPONSORS	44
DIRECTORY	46

MISSION STATEMENT

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

CHAIRMAN'S REPORT

Since the establishment of the Asia New Zealand Foundation in 1994, one thing seems clear: as a country, we are making considerable progress in forging and strengthening our involvement with, and understanding of, the peoples and countries of Asia. But much work remains.

It has been a busy 12 months for the Foundation and our activities and relationships in the areas of business, education, arts and culture, media, research, Track II (informal diplomacy) and the leadership network, have continued to develop, diversify and flourish. The Foundation is large in ambition but small in resources, so necessarily much of what we do is to prompt, facilitate, and be a catalyst for others to act.

During 2015/16 a number of new board members and a new executive director joined the Foundation. As a consequence, we have been busy examining our governance structure to ensure it is fit for purpose going forward.

Recent changes to New Zealand's legislation have increased the legal responsibilities of trustees, which has further necessitated a review of our governance arrangements to ensure our trustees can undertake their fiduciary roles in an efficient way while maintaining the strong domestic and international standing of the Foundation.

The outcome of this review will become effective from 1 January 2017 and will see the number of trustees on the Foundation's board decrease from the current 21. We believe a smaller number of trustees will allow the board to be more agile and more closely engaged with the Foundation, thereby allowing it to play a more typical governance role.

Also, the Foundation will establish a new group of New Zealand honorary advisers, mirroring that of the current Asia-based honorary advisers. The New Zealand group will consist of past and present trustees and other New Zealanders who can provide the influence, advice and prestige that is important to the Foundation's operations.

The Foundation's latest *New Zealanders' Perceptions of Asia and Asian Peoples* survey shows that New Zealand still has a long way to go in its understanding of Asia, despite high recognition of the region's economic and cultural importance.

What is encouraging is that New Zealanders value their personal interactions with Asian people, they want to learn more about Asian cultures and languages, and they recognise that they need to know more.

As New Zealand relations with Asia continue to evolve, the Foundation will, over the coming 12 months, be implementing some new activities within its programmes and adapting its role in some of its current programmes to fulfil the need to better 'equip New Zealanders to thrive in Asia'.

The Foundation will continue to focus on key areas such as business, education, arts and culture, media and research, as well as its leadership network, but it will also be expanding its role to encompass sport.

I would like to acknowledge the excellent contribution of Simon Draper, executive director, in leading the Foundation team. Given the wide range of activities in which the Foundation is involved, it is easy to forget that the Foundation is a small organisation with limited resources.

It is a credit to the team at the Foundation that their energy, enthusiasm and professionalism we have continued to deliver outstanding results for the Foundation's funders in government and the private sector.

May I take this opportunity to acknowledge the excellent contribution of the Foundation's 14 honorary advisers, who have continued to provide invaluable advice and support to the Foundation during the year.

I would also like to congratulate former Chairman of the Foundation, the Honourable Philip Burdon on his induction into the New Zealand Business Hall of Fame. Along with Sir Don McKinnon, he helped to initiate the Asia New Zealand Foundation (then known as the Asia 2000 Foundation of New Zealand) in 1994 and has been at the forefront of strengthening New Zealand-Asia relations ever since.

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

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

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

HON. JOHN LUXTON

Chairman

26 October 2016

EXECUTIVE DIRECTOR'S REPORT

I am writing this annual report after 12 months now at the Asia New Zealand Foundation. During my first few months, I spent time speaking with a number of stakeholders. I can report the Foundation's reputation remains in good shape, its programmes highly regarded and its role welcomed.

There is a sense, however, that Asian issues are sharpening, so the Foundation's staff and the Board over the past few months has been reviewing its programmes and have made some changes. I am confident that the changes will enable the Foundation to be even more relevant and fit for its key purpose of 'equipping New Zealanders to thrive in Asia'. In parallel, for 2017

we are modifying our governance arrangements and will establish a smaller board structure.

It is impressive that against this backdrop of change the Foundation has also undertaken as busy an activity programme as usual. Some of the events over the last 12 months included a Business Leaders Speaker Series of outstanding networking events for New Zealand businesspeople, featuring notable speakers from Taiwan, India, Hong Kong, Korea and China.

The Foundation held the first ASEAN Young Business Leaders Initiative (YBLI) Summit, bringing 36 young Asian business leaders and 11 young New Zealanders together in Malaysia as part of the 40th anniversary celebrations of New Zealand-ASEAN relations.

Also, the Foundation brought 15 of Southeast Asia's leading entrepreneurs to New Zealand and arranged for 11 young New Zealand business leaders to visit the Philippines and Indonesia.

Our business programme also gave 11 New Zealanders the opportunity to undertake business internships with organisations across the region.

The Foundation's Leadership Network continued to provide professional development and leadership opportunities to strengthen New Zealand's relations with Asia. Highlights included the North Asia Hui, held in Xi'an, China, and a forum in Sri Lanka in partnership with Cricket Live Foundation. More than 80 members attended a Social Innovation Hui in Christchurch.

During the year the Foundation's education programme launched the 'Educators Network' – a group of principals and teachers who are passionate about equipping students to thrive in the Asian century. Coupled with this there were many other opportunities for New Zealand teachers to extend their knowledge of Asia and Asian languages, including professional development trips to Korea and China.

2015/16 was a big year for the Foundation's popular Lantern Festivals. The Auckland event presented in partnership with the Auckland Tourism, Events and Economic Development (ATEED) attracted record crowds of 238,000, while the Christchurch event, in partnership with Christchurch City Council, attracted some 60,000 people.

Tens of thousands of people attended the 14th Diwali Festivals of Lights in Auckland and Wellington, in partnership with ATEED and the Wellington City Council.

We continued to support journalism graduates on media internships to the *International Herald Tribune* in Hong Kong, the *Deccan Herald*, *The Bangkok Post*, *Shanghai Daily*, and *The Philippine Star*. A new internship was launched with *The Myanmar Times*.

The Foundation also led its first media tour to Indonesia and Malaysia to mark the 40th year of New Zealand-ASEAN relations.

In 2015/16 we commissioned research on a wide range of themes, including the annual *Perceptions of Asia and Asian Peoples in New Zealand* survey, and New Zealand's evolving relationship with ASEAN.

The Foundation led a number of Track II dialogues with counterparts in Vietnam, South Korea and Taiwan, as well as a trilateral dialogue with ASEAN and Australia.

Finally, I would like to register my thanks to the Minister of Foreign Affairs Murray McCully for his ongoing support of the Foundation, the Board of Trustees headed by Chairman the Honourable John Luxton for their wise counsel and guidance. Also, to the staff of the Asia New Zealand Foundation who continue to deliver high quality outcomes which I am confident are helping to equip all New Zealanders to thrive in Asia.

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

SIMON J DRAPER
Executive Director
26 October 2016

GOVERNANCE AND ACCOUNTABILITY STATEMENT

Role of the board

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

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

Structure of the Asia New Zealand Foundation

ASIA NEW ZEALAND FOUNDATION OPERATIONS

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

BOARD COMMITTEES

The board may set up committees to provide a more detailed level of focus on particular issues. Committees are delegated responsibility for governance, policy-making and monitoring of the organisation's progress towards meeting objectives stated in policies. Committees do not involve themselves in operational matters. The board has established an executive committee to assist in strategy planning, managing and monitoring the performance of the executive director and monitoring organisational performance and reporting. In addition, the board maintains an audit and risk committee that meets each year with the external auditor. During 2015/16 an executive appointments committee was established to manage the recruitment of a new executive director.

QUALITY ASSURANCE

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

A new trust deed will be introduced in 2017, to amend the structure of the board to be more in line with best practice. While this will provide for a smaller board, further impacts are not yet known.

Governance philosophy

BOARD MEMBERSHIP

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

CONNECTION WITH STAKEHOLDERS

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

DIVISION OF RESPONSIBILITY BETWEEN THE BOARD AND MANAGEMENT

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

ACCOUNTABILITY

The board held three meetings during 2015/16 to monitor progress toward its strategic objectives and to ensure that the affairs of the Foundation were being conducted in accordance with the board's policies.

DECLARATIONS OF INTEREST

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

INTERNAL CONTROLS

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

RISK MANAGEMENT

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

LEGISLATIVE COMPLIANCE

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

STATEMENT OF RESPONSIBILITY

FOR THE YEAR ENDED 30 JUNE 2016

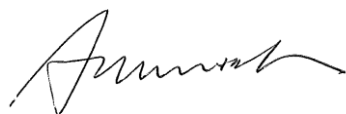
The board of the Foundation accepts responsibility for the preparation of the financial statements and statement of performance and the judgements made in them.

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

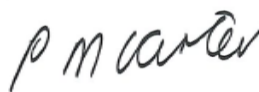
The board of the Foundation accepts responsibility for establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the board of the Foundation, the financial statements and statement of performance for the year ended 30 June 2016 fairly reflect the financial position and operations of the Foundation.

Signed on behalf of the board:



SIMON MURDOCH
Deputy Chairman
26 October 2016



TRISH CARTER
Trustee
26 October 2016

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF THE

ASIA NEW ZEALAND FOUNDATION'S

FINANCIAL STATEMENTS AND PERFORMANCE

INFORMATION FOR THE YEAR ENDED 30 JUNE 2016

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

Opinion on the financial statements and the performance information

We have audited:

- the financial statements of the Foundation on pages 23 to 42, that comprise the statement of financial position as at 30 June 2016, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the Foundation on pages 19 to 22.

In our opinion:

- The financial statements of the Foundation:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2016; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.

- The performance information:
 - presents fairly, in all material respects, the Foundation's performance for the year ended 30 June 2016, including:
 - for each class of reportable outputs:
 - its standards of performance achieved as compared with forecasts included in the statement of performance expectations for the financial year;
 - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year; and
 - what has been achieved with the appropriation;
 - the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure; and
 - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 26 October 2016. This is the date at which our opinion is expressed.

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

Basis of opinion

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

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

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and the performance information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Foundation's financial statements and performance information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.

An audit also involves evaluating:

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

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

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

Responsibilities of the Board

The Board are responsible for preparing financial statements and performance information that:

- comply with generally accepted accounting practice in New Zealand;
- present fairly the Foundation's financial position, financial performance and cash flows; and
- present fairly the Foundation's performance.

The Board's responsibilities arise from the Crown Entities Act 2004 and the Public Finance Act 1989.

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

Responsibilities of the Auditor

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

Independence

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

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



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

STATEMENT OF PERFORMANCE

In 2015/16 the government provided the Foundation with funding for one output under the output class:

'Promotion of Asian Skills and Relationships'.

This output can be summarised as follows:

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

Mission

The output is focused on the following mission:

- Equip New Zealanders to thrive in the Asian century

Goals

In the output agreement the goals to achieve are:

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

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

STATEMENT OF PERFORMANCE (CONTINUED)

Financial performance under this output is summarised below.

	Actual 2016 \$	Budget 2016* \$	Actual 2015 \$
Revenue			
Crown output agreement	4,000,000	4,000,000	4,000,000
Other revenue	996,440	856,885	1,041,150
Total revenue	4,996,440	4,856,885	5,041,150
Total expenses	4,747,029	4,832,475	5,347,238
Net surplus/(deficit) for the period	249,411	24,410	(306,088)

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

Performance measures and results

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

All of the following measures are reporting back on the end of the year performance information set out in the Vote Foreign Affairs Estimates 2015/16.

Measure	Result
Level of New Zealand public awareness of the importance of Asia to New Zealand	An attitudinal research project, <i>New Zealanders’ Perceptions of Asia and Asian Peoples</i> , has been undertaken since 1994.
	The results of the 2015/ 16 survey showed that 75 percent of New Zealanders saw the Asian region as important to New Zealand’s future (second only to Australia).
	2015/16 goal: 80% 2015/16 actual: 75%
	2014/15 actual: 80%

* Budget is unaudited.

STATEMENT OF PERFORMANCE (CONTINUED)

Measure	Result
<p>Informing the public:</p> <ul style="list-style-type: none"> Public forums 	<p>2015/16 goal: two public forums</p> <p>2015/16 actual: five public forums – South China Sea public lecture, US-China public lecture, Wellington on a Plate, Start Up Secrets and business speakers series of eight public events</p> <p>2014/15 actual: four public forums – Start Up Secrets series in Auckland and Wellington, Auckland Restaurant Month, 20th anniversary gala dinner, business speaker series of eight public events</p>
<ul style="list-style-type: none"> National speakers' bureau 	<p>2015/16 goal: two presentations per month (24)</p> <p>2015/16 actual: 27 presentations</p> <p>2014/15 actual: 25 presentations</p>
<ul style="list-style-type: none"> Research Reports 	<p>2015/16 goal: three reports published and distributed</p> <p>2015/16 actual: five reports published and distributed – <i>Relations and Relationships: 40 years of people movements from ASEAN countries to New Zealand, New Zealand ASEAN Historical Relationships, Perceptions of Asia and Asian Peoples in New Zealand 2015, ASEAN and Great Powers and Beyond the Metropoles</i></p>
<p>Targeting opinion leaders:</p> <ul style="list-style-type: none"> Leadership Network membership engagement project 	<p>2015/16 goal: membership engagement annual census – 75% response</p> <p>2015/16 actual: 83%</p> <p>2014/15 actual: 81%</p> <p>2014/15 goal: gap analysis completed for membership campaign</p> <p>2014/15 actual: achieved</p> <p>2014/15 goal: competency framework completed for Leadership Network</p> <p>2014/15 actual: achieved</p>

STATEMENT OF PERFORMANCE (CONTINUED)

Measure	Result
	<p>2015/16 goal: agreements established with two international partner organisations</p> <p>2015/16 actual: achieved – Cricket Live Foundation (agreed June 2016) and Sustainable Coastlines (agreed June 2016)</p> <p>2014/15 actual: achieved – Cricket Live Foundation (agreed June 2015) and The Habibie Center of Indonesia (agreed September 2015)</p> <p>2015/16 goal: 35% of Leadership Network members using the individual Leadership Pathway 2015/16 actual: 31%</p>
<p>Targeting opinion leaders:</p> <ul style="list-style-type: none"> Track II dialogues 	<p>2015/16 goal: conduct seven Track II dialogues 2015/16 actual: five Track II dialogues conducted: Prospect Foundation of Taiwan, Asan Institute of Korea, ASEAN and Australia at Kuala Lumpur, Habibie Center of Indonesia and Diplomatic Academy of Vietnam</p> <p>The scheduling of India and Myanmar Track II dialogues was amended and both will take place in early 2017</p> <p>2014/15 actual: ‘15+15’ dialogue with The Habibie Center of Indonesia, December 2014, Martinborough</p> <p>2014/15 actual: dialogues held with existing and new partners (Institute for Defence Studies and Analyses and India Council of World Affairs), December 2014, New Delhi</p>
<p>Enabling schools:</p> <ul style="list-style-type: none"> Asia New Zealand Foundation school network 	<p>2015/16 goal: increase number of schools within Asia New Zealand Foundation’s school network by 10% 2015/16 actual: 70% (592 schools)</p> <p>During the reporting period, the Foundation implemented a national campaign to increase membership resulting in increased engagement</p> <p>2014/15 goal: increased school numbers in network by 20 percent on 2013/14 baseline (298 schools) 2014/15 actual: 17% (348 schools) – strategy of school engagement changed with new programme leadership to include senior teachers as well as principals from existing school network</p>

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR ENDED 30 JUNE 2016

	Note	Actual 2016 \$	Budget 2016* \$	Actual 2015 \$
Revenue				
Crown revenue	2	4,426,338	4,429,000	4,172,100
Project funding	2	150,818	73,066	186,119
Interest revenue	2	211,209	213,375	239,654
Core sponsorship		70,000	70,000	70,000
Donated revenue	2	-	57,000	12,401
Management revenue	2	1,500	9,444	9,100
Other revenue		136,575	5,000	351,776
Total revenue		4,996,440	4,856,885	5,041,150
Expenditure				
Personnel costs	3	1,897,776	1,953,850	1,814,968
Project expenditure	4	272,706	259,026	396,716
Depreciation and amortisation	9, 10	131,400	138,681	131,533
Other expenditure	5	2,445,147	2,480,918	3,004,021
Total expenditure		4,747,029	4,832,475	5,347,238
Surplus/(Deficit)		249,411	24,410	(306,088)
Other comprehensive revenue and expense		-	-	-
Total comprehensive revenue and expense		249,411	24,410	(306,088)

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

	Actual 2016 \$	Budget 2016* \$	Actual 2015 \$
Balance at 1 July	4,418,993	4,409,491	4,725,081
Total comprehensive revenue and expense for the year	249,411	24,410	(306,088)
Balance at 30 June	4,668,404	4,433,901	4,418,993

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

* Budget is unaudited.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Note	Actual 2016 \$	Budget 2016* \$	Actual 2015 \$
ASSETS				
Current assets				
Cash and cash equivalents	6	436,384	275,000	357,487
Trade and other receivables	7	146,504	190,000	161,418
Investments	8	3,450,000	4,000,000	4,050,000
Total current assets		4,032,888	4,465,000	4,568,905
Non-current assets				
Property, plant and equipment	9	366,208	318,799	426,340
Intangible assets	10	-	10,000	209
Investments	8	1,200,000	400,000	600,000
Total non-current assets		1,566,208	728,799	1,026,549
Total assets		5,599,096	5,193,799	5,595,454
LIABILITIES				
Current liabilities				
Trade and other payables	11	544,306	398,000	757,848
Employee entitlements	12	143,803	100,000	157,600
Lease incentive	14	25,555	25,555	25,555
GST		38,037	40,000	28,468
Total current liabilities		751,701	563,555	969,471
Non-current liabilities				
Provisions	13	107,648	125,000	110,091
Lease incentive	14	71,343	71,343	96,899
Total non-current liabilities		178,991	196,343	206,990
Total liabilities		930,692	759,898	1,176,461
NET ASSETS		4,668,404	4,433,901	4,418,993
EQUITY				
General funds	15	3,245,325	3,026,342	3,009,576
Managed Fund Korea	15	789,185	786,673	793,373
Managed Fund Japan	15	633,894	620,886	616,044
TOTAL EQUITY		4,668,404	4,433,901	4,418,993

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

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

* Budget is unaudited.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016

	Note	Actual 2016 \$	Budget 2016* \$	Actual 2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash was provided from:				
Supply of outputs to the Crown		4,000,000	4,000,000	4,000,000
Additional Crown funding		496,338	499,000	172,100
Other revenue		228,153	103,510	552,088
Revenue on behalf of funds		26,500	26,500	26,500
		4,750,991	4,629,010	4,750,688
Cash was distributed to:				
Payments to suppliers		(2,853,782)	(2,725,357)	(3,095,092)
Payments to employees		(1,911,795)	(1,953,850)	(1,857,162)
Payments on behalf of funds		(66,110)	(57,236)	(63,000)
Net GST (paid)/received		15,568	(250,000)	(4,596)
		(4,816,119)	(4,986,443)	(5,019,850)
Net cash outflow from operating activities		(65,128)	(357,433)	(269,162)
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash was provided from:				
Interest received		213,873	212,375	233,481
Cash received for purchase of property, plant and equipment		-	-	12,401
Investments maturing		4,300,000	4,800,000	4,900,000
		4,513,873	5,012,375	5,145,882
Cash was distributed to:				
Acquisition of investments		(4,300,000)	(4,950,000)	(4,700,000)
Purchase of property, plant and equipment		(69,848)	(67,000)	(51,425)
Purchase of intangibles		-	(10,000)	-
		(4,369,848)	(5,027,000)	(4,751,425)
Net cash inflow/(outflow) from investing activities		144,025	(14,625)	394,457
Net (decrease)/increase in cash and cash equivalents		78,897	(372,058)	125,295
Plus opening cash		357,487	647,058	232,192
Closing cash and cash equivalents	6	436,384	275,000	357,487

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

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

* Budget is unaudited.

NOTES TO THE FINANCIAL STATEMENTS

Note 1 : Statement of accounting policies for the year ended 30 June 2016

Reporting entity

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

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

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

The financial statements for the Foundation are for the year ended 30 June 2016 and were approved on 26 October 2016 by the audit and risk committee under delegated authority from the Board of Trustees.

Basis of preparation and statement of compliance

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

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

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

These financial statements comply with PBE accounting standards.

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

Summary of significant accounting policies

Revenue

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

Crown revenue

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

Additional Crown funding: The Foundation signed a new three-year contract in October 2015 to continue to provide the ASEAN Young Business Leaders Initiative programme.

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

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

Interest revenue

Interest revenue is recognised using the effective interest method.

Other revenue

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

Other grants

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

Donated assets

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

Donated services

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

Grant expenditure

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

Foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses arising from the settlement of these transactions are recognised in the surplus or deficit.

Leases

Operating leases

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

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

Cash and cash equivalents

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

Trade and other receivables

Trade and other receivables are recorded at their face value, less any provision for impairment. All receivables greater than 30 days in age are considered to be past due.

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

Investments

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

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

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

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

Property, plant and equipment

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

Additions

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

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

Disposals

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

Subsequent costs

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

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

Depreciation

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

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

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

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

Intangible assets

Software acquisition and development

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

Staff training costs are recognised as an expense when incurred.

Amortisation

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

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

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

Non-cash-generating assets

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

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

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

Trade and other payables

Trade and other payables are recorded at their face value. Trade payables are typically on 30 payment terms.

Employee entitlements

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

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

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

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

Defined contribution superannuation schemes

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

Provisions

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

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

Equity

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

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

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

Goods and Services Tax (GST)

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

Income tax

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

Budget figures

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

Cost of service statement

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

Critical accounting estimates and assumptions

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

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

Provisions

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

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

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

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

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

Critical judgements in applying the Foundation's accounting policies

Management has exercised the following critical judgements in applying the Foundation's accounting policies for the year ended 30 June 2016:

Financial asset classification

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

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

Lease classification

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

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

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

Grants received

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

Note 2 : Analysis of revenue

	2016 \$	2015 \$
CROWN REVENUE		
<i>From the Ministry of Foreign Affairs and Trade</i>		
Output agreement	4,000,000	4,000,000
Additional funding (ASEAN Young Business Leaders Initiative)	368,729	160,100
Additional funding	57,609	12,000
Total Crown revenue	4,426,338	4,172,100
PROJECT FUNDING		
Lantern Festivals	84,576	19,115
Diwali Festivals	41,242	48,604
Singapore Scholarships	-	93,400
Japan Fund	25,000	25,000
Total project funding	150,818	186,119
DONATED REVENUE		
Lantern Festival assets	-	12,401
Total donated revenue	-	12,401
MANAGEMENT REVENUE		
Singapore Scholarships	-	7,600
Japan Fund	1,500	1,500
Total management revenue	1,500	9,100
INTEREST REVENUE		
Net gains on held-to-maturity investments	200,789	221,425
Other interest	10,420	18,229
Total interest revenue	211,209	239,654

The total revenue of \$4,996,440 (2015 – \$5,041,150) includes total non-exchange revenue of \$4,755,700 (2015 – \$4,724,104).

Note 3 : Personnel costs

	2016 \$	2015 \$
Salaries and wages	1,866,419	1,768,629
KiwiSaver employer contributions	45,154	45,666
Decrease in employee benefit liabilities	(13,797)	673
Total personnel expenses	1,897,776	1,814,968

Note 4 : Project expenditure

	2016	2015
	\$	\$
Lantern Festivals	132,787	65,603
Diwali Festivals	76,305	80,715
Singapore Scholarships	-	177,398
Managed Fund Korea	33,614	33,000
Managed Fund Japan	30,000	40,000
Total project expenditure	272,706	396,716

Note 5 : Other expenditure

	2016	2015
	\$	\$
Fees paid to auditor		
- Audit fees for financial statements' audit	25,848	25,400
Grants awarded	887,242	995,017
Operating lease payments	264,456	255,880
Board of Trustees' expenses (Note: no fees were paid to the Trustees)	64,387	47,999
Telecommunications	21,307	23,921
Insurance premiums	9,339	10,613
Other operating expenditure	1,172,568	1,645,191
Total other expenditure	2,445,147	3,004,021

Project expenditure also includes grants awarded of \$60,000 (2015 – \$172,000).

Note 6 : Cash and cash equivalents

	2016	2015
	\$	\$
Cash at bank	436,384	357,487
Total cash and cash equivalents	436,384	357,487

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

The Foundation holds unspent grant funding received, included in cash at bank, of \$68,067 (2015 – \$40,831) that is subject to restrictions. The restrictions generally specify how the grant is required to be spent in providing the specified deliverables of the grant arrangement.

Note 7 : Trade and other receivables

	2016	2015
	\$	\$
Trade receivables	6,664	2,037
Interest receivable	101,657	104,322
Prepayments	38,183	55,059
Total trade and other receivables	146,504	161,418
Total receivables comprises:		
Receivables from the sale of goods and services (exchange transactions)	146,504	160,020
Receivables from grants (non-exchange transactions)	-	1,398

There is no impairment provision for trade receivables.

Note 8 : Investments

	2016	2015
	\$	\$
Current portion		
<i>Held to maturity</i>		
Term deposits maturing in the following 12 months	3,450,000	4,050,000
Non-current portion		
<i>Held to maturity</i>		
Term deposits maturing in over 12 months	1,200,000	600,000
Total investments	4,650,000	4,650,000

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

There is no impairment provision for investments.

Note 9 : Property, plant and equipment

	Leasehold improvements \$	Computer equipment \$	Festival equipment \$	Furniture & fittings \$	Office equipment \$	Total \$
At 1 July 2015						
Cost	427,958	123,095	504,532	108,504	29,890	1,193,979
Accumulated depreciation and impairment charges	(185,780)	(89,101)	(390,182)	(72,712)	(29,864)	(767,639)
Net book value	242,178	33,994	114,350	35,792	26	426,340
Additions	-	27,203	40,220	4,735	1,648	73,806
Disposals	(2,508)	(27,452)	(4,243)	-	-	(34,203)
Accumulated depreciation eliminated on disposal	-	27,213	4,243	-	-	31,456
Depreciation charge	(51,423)	(25,204)	(42,279)	(12,031)	(254)	(131,191)
Impairment losses	-	-	-	-	-	-
Reversal of impairment losses	-	-	-	-	-	-
Closing net book value	188,247	35,754	112,291	28,496	1,420	366,208
At 30 June 2016						
Cost	425,450	122,846	540,509	113,239	31,538	1,233,582
Accumulated depreciation and impairment charges	(237,203)	(87,092)	(428,218)	(84,743)	(30,118)	(867,374)
Net book value	188,247	35,754	112,291	28,496	1,420	366,208

Note 10 : Intangible assets

	2016 \$
Software at 1 July 2015	
Cost	67,816
Accumulated amortisation	(67,607)
Opening carrying value	209
Additions	-
Disposals	-
Accumulated amortisation eliminated on disposal	-
Amortisation charge	(209)
Closing carrying value	(209)
Balance at 30 June 2016	
Cost	67,816
Accumulated amortisation	(67,816)
Closing carrying value	-

Note 11 : Trade and other payables

	2016	2015
	\$	\$
Payables under exchange transactions		
Trade payables	57,026	73,911
Accrued expenses	34,377	24,808
Total payables under exchange transactions	91,403	98,719
Payables under non-exchange transactions		
Trade payables	14,178	25,266
Grants payable	423,538	613,788
Accrued Expenses	543	-
Grants received subject to conditions	14,644	20,075
Total payables under non-exchange transactions	452,903	659,129
Total trade and other payables	544,306	757,848

Note 12 : Employee entitlements

	2016	2015
	\$	\$
Accrued salaries and wages	12,445	62,292
Annual leave	131,358	95,308
Total employee entitlements	143,803	157,600

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

Note 13 : Provisions

	2016	2015
	\$	\$
Non-current provisions		
<i>Lease make-good provision</i>		
Opening balance	110,091	116,032
Additional provisions made during the year	-	-
Unused amounts reversed	(2,443)	(5,941)
Closing balance	107,648	110,091

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

Note 14 : Lease incentive

	2016 \$	2015 \$
Lease incentive		
Opening balance	122,454	148,009
Lease incentive used during the year	25,556	25,555
Closing balance	96,898	122,454

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.

	2016 \$	2015 \$
Lease incentive		
Current portion	25,555	25,555
Non-current portion	71,343	96,899
Total balance	96,898	122,454

Note 15 : Capital management

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

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

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

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

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

Equity	1 July 2015 \$	Surplus/(Deficit) \$	30 June 2016 \$
General funds	3,009,576	235,748	3,245,324
Managed Fund Korea	793,373	(4,187)	789,186
Managed Fund Japan	616,044	17,850	633,894
Total equity	4,418,993	249,411	4,668,404

Note 16 : Capital commitments and operating leases

	2016	2015
	\$	\$
Operating leases as lessee		
Not later than one year	227,517	230,142
Later than one year and not later than five years	715,078	884,876
Five years or more	144,436	202,154
Total	1,087,031	1,317,172

Operating leases include the premises' leases for the Wellington and Auckland offices. A new photocopier lease is being negotiated in July 2016. The Wellington office lease expires in April 2020 with no right of renewal. The Auckland office lease expires in November 2018 with one right of renewal for an additional five years.

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

There were no capital commitments as at 30 June 2016 (2015 – Nil).

Note 17 : Contingent liabilities and assets

There were no contingent liabilities or assets as at 30 June 2016 (2015 – Nil).

Note 18 : Related party transactions

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

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

There have been no related party transactions in the year ending 30 June 2016 (2015 – Nil).

Key management personnel compensation	2016	2015
Board Members		
Remuneration	\$Nil	\$Nil
Full-time equivalent members	21.0	18.5
Directors		
Remuneration	\$408,882	\$319,044
Full-time equivalent members	1.83	1.25
Total key management personnel remuneration	\$408,882	\$319,044
Total full-time equivalent personnel	22.83	19.75

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

Employee remuneration	2016	2015
Total remuneration paid		
\$100,000 – 109,999	2	1
\$110,000 – 119,999	1	1
\$140,000 – 149,999	-	1
\$150,000 – 159,999	1	2
\$160,000 – 169,999	1	-
\$200,000 – 209,999	2	-
\$210,000 – 219,999	-	1

Note 19 : Events after the balance date

There have been no significant events after the balance date.

Note 20 : Financial instrument categories

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

	2016 \$	2015 \$
Financial assets		
<i>Loans and receivables</i>		
Cash and cash equivalents	436,384	357,487
Trade and other receivables	108,321	106,359
	<hr/> 544,705	<hr/> 463,846
<i>Held to maturity</i>		
Investments	4,650,000	4,650,000
Financial liabilities		
<i>Financial liabilities measured at amortised cost</i>		
Trade and other payables (excluding grants received subject to conditions)	529,662	737,773

Note 21 : ASEAN Young Business Leaders Initiative

Expenditure relating to the ASEAN Young Business Leaders Initiative (a new contract was signed with the Ministry of Foreign Affairs and Trade on 5 October 2015) is as follows:

	2016 \$	2015 \$
Contribution towards personnel costs and overhead costs	134,000	142,099
Programme costs	245,712	374,927
Total expenditure	379,712	517,026

Contribution towards personnel costs and overhead costs and programme costs are included in the statement of comprehensive revenue and expense in the line items 'Personnel' and 'Other expenditure'. 2015 included further funding of \$160,100 for the ASEAN-NZ 40th anniversary commemorative events.

Note 22 : Donated services

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

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

	2016 \$	2015 \$
Lantern Festivals	50,382	100,981
Diwali Festivals	22,039	11,051
Management services	31,812	3,901
Total donated services	104,233	115,933

Note 23 : Explanation of significant variances against budget

2015/16 was the second year of the Foundation's current strategic plan, in which the vision is 'A New Zealand confident in and with Asia'.

Statement of comprehensive revenue and expense

The Foundation budgeted a small surplus of \$24,410 for the year, the surplus related to activity within Managed Fund Japan Equity.

There were variations to budget in most line items, with the largest expenditure savings relating to Track II and International engagement and personnel costs.

Other revenue is higher than budgeted, following the return of grants from Foundation grantees and a \$51,500 donation from the Chinese Language Foundation.

Statement of financial position

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

ORGANISATION INFORMATION

Board of Trustees

Chairman: Hon John Luxton QSO

Deputy Chairmen: Hon Steve Maharey CNZM and Simon Murdoch CNZM

Trustees: Dr Brook Barrington, Trish Carter, Peter Chin CNZM, Peter Chrisp, Rob Fyfe, Traci Houppapa, Peter Hughes CNZM, Professor Manying Ip, Ian Kennedy, Melissa Lee MP, Lyn Lim, Richard Long ONZM, Rt Hon Sir Donald McKinnon ONZ, GCVO, Mitchell Pham, Hon Simon Power QSO, David Rishworth, David Shearer MP and Simon Watt

Board of Honorary Advisers

Chairman: Hon Murray McCully, Minister of Foreign Affairs

China: Professor Zhou Guangzhao, Li Xiaolin

Hong Kong: Dr Victor K Fung

India: Dr Raghupati Singhania

Indonesia: Amris Hassan

Japan: 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 New Zealand Foundation staff

Executive Director: Simon J Draper

Deputy Executive Director: Adele Mason

Director, Business: James Penn

Director, Communications: John Saunders

Director, Culture: Jennifer King MNZM

Director, Education: Jeffrey Johnstone

Director, Engagement and Research: Philippa McLachlan

Media Adviser: Rebecca Palmer

Senior Adviser, Research: James To

Content Manager: Ned Wotherspoon

Educators Network Manager: Sean O'Connor

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

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