

Annual Report
of the
Asia New Zealand Foundation
for the year ended 30 June 2017

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



Asia New Zealand
Foundation

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 2017.

A handwritten signature in black ink, appearing to read 'John Luxton', written in a cursive style.

HON JOHN LUXTON
Chairman

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MISSION STATEMENT

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

CHAIRMAN'S REPORT

It would be fair to describe 2016/17 as the year we 'shifted gears'. It was the year we made changes in the governance structure and started doing things a bit differently, which has enabled us to better deliver on our mission to build New Zealanders' knowledge and understanding of the countries, peoples, cultures and languages of Asia.

As part of the governance changes, we introduced New Zealand-based honorary advisers. On behalf of the board, I express my appreciation for the commitment of these highly-respected New Zealanders who share the Foundation's goal of 'equipping New Zealanders to thrive in Asia'.

I also welcome our new Asia-based honorary advisers - Dr Pavida Pananond and Dr Thitinan Pongsudhirak from Thailand, Ms Heekyung Jo Min from South Korea, Hon Rafidah Aziz from Malaysia, and Mr Guillermo M. Luz from the Philippines, who join our current group of eminent Asia honorary advisers. We look forward to working with them at our hui (meeting) early next year in Auckland.

With the shift in the way we do things, I am pleased to report we had quite a few additional achievements across our programme areas this year.

For our business programme, we offered more business internships in Asia, creating additional opportunities for young New Zealanders to experience working and living in the region.

As part of our education programme, we exceeded the target number of schools connected to our Educators Network, giving us more coverage in helping increase the Asia capability of teachers.

We published a number of research reports, the two major ones being the annual 'Perceptions of Asia' survey and the 'Asian investment in New Zealand,' both of which provide insights and reference points that contribute immensely to the Asia narrative in the country.

We continued to strengthen our cultural and people-to-people ties through our artists-in-residence and curators tour under our arts and culture programme, through our ever-popular Leadership Network, and the ASEAN Young Business Leaders Initiative.

We have raised the profile of the Foundation through the work of our communications team. We are excited about the establishment of the Asia Media Centre to reinforce the Foundation's position as the first place to go for credible perspectives on Asia-New Zealand relations.

I would like to recognise Executive Director Simon Draper for his energetic leadership and the whole Foundation team for the important work they are doing.

While we have achieved a lot, there is much still to be done. Of considerable advantage, the Foundation has a hard-earned reputation as a credible voice in the national conversation about Asia and its growing relevance to New Zealand.

Finally, on behalf of the Foundation, I thank the Hon Murray McCully for his support during his tenure as Minister of Foreign Affairs and the Hon Gerry Brownlee who took up this role in May 2017.

A handwritten signature in black ink, appearing to read 'John Luxton', written in a cursive style.

HON JOHN LUXTON
Chairman

EXECUTIVE DIRECTOR'S REPORT

The past 12 months have seen some of the things we envisioned a year ago come to fruition. I believe these changes have placed the Foundation in a much better position to deliver on its mission to 'equip New Zealanders to thrive in Asia'.

We have reduced the size of our board to eight trustees to align with best practice. The board is supported by a group of honorary advisers based in New Zealand and Asia.

The Foundation has embarked on a Māori engagement initiative which includes formulating our kaupapa, with the wise counsel of Te Kahui Māori. As an organisation, we recognise that fully embracing New Zealand's bicultural identity is an important first step in our engagement with Asia.

The Foundation led seven Track II dialogues last year. A dialogue in Tokyo on the eve of the Prime Minister's visit to Japan in May proved very timely in hearing Japanese perspectives on bilateral and regional issues. The Foundation also hosted two colleagues from the ASEAN-Institutes of Strategic and International Studies -- Elina Noor (Malaysia) and Aries Arugay (Philippines).

Under our research programme, we launched our annual Perceptions of Asia survey which echoed the findings of the previous year: although eight in 10 New Zealanders think Asia is important, two-thirds say they know little or nothing about Asia. This finding has become a helpful reference point for the Foundation's work across our programmes.

A highlight of the year was the release of our research on Asian Investment in New Zealand, which provided fresh reference points to support a more informed public conversation about investment from Asia. The report was presented to business audiences in Wellington, Auckland and Christchurch.

The Foundation's Leadership Network welcomed 43 new members. The calibre of this newest intake is impressive and diverse, coming from a wide range of sectors and industries. Earlier in the year, we took a delegation of Network members to a forum in South Korea.

We continued to strengthen connections between business leaders and entrepreneurs in New Zealand and Southeast Asia through our ASEAN Young Business Leaders Initiative (YBLI). Promising business leads were signed, friendships were formed, and knowledge was shared during engagements in New Zealand and Southeast Asia.

As part of our business programme, the Foundation facilitated 12 business internships in Vietnam, Taiwan, Japan, China and Indonesia. I am pleased to report we are forming more partnerships with organisations in Asia which means we will have additional opportunities for young New Zealanders to experience working there. We also conducted workshops on distributor engagement and e-commerce in Auckland, Hamilton, Napier and Tauranga.

The Educators Network has grown to 628 schools. At the same time, the education team has presented at 48 events, including school leaders' workshops in seven locations throughout the country.

The Foundation supported 11 'Experience Asia' evenings for educators and funded 42 'Experience Asia' events in schools. We produced 10 new Asia-focussed resources for classroom use. We also funded trips for teachers to Singapore (August 2016) and Korea (September 2016).

This past year was our last hands-on involvement in the Auckland and Christchurch Lantern Festivals, and the Auckland and Wellington Diwali Festivals. Following discussions with our partners Auckland Tourism Events and Economic Development (ATEED),

ChristchurchNZ and Wellington City Council, the Foundation will transition to a cash sponsorship arrangement.

We continued to build cultural connections through our curator and performing arts tours, offshore artist residencies in Asia, and grants programme. During the year, our Culture Programme also launched a new sports cultural competency workshop initiative with two inaugural workshops.

We have strengthened our Communications team increasing our capacity to engage our target audiences. With a revitalised team we successfully launched important pieces of research which attracted considerable media coverage.

We started work on establishing the new Asia Media Centre and preparation for its launch is in its final stages. Modelled on the Science Media Centre, this will be a resource that will make it easier for New Zealand media to access timely, relevant and reliable information on Asian issues. The Foundation's media programme continued to support the New Zealand media's coverage of Asia, sending more than 20 journalists offshore on media work placements, grants and fellowships. I have also started a fortnightly column for Fairfax which allows the Foundation to contribute directly to the all-important Asia narrative in New Zealand.

Even with all these achievements, there is more we can do. The various forums I attended here and abroad have only reinforced the importance of the work the Foundation does. I am confident we are well placed to deliver on our mandate – helping New Zealanders to be equipped to engage in the most dynamic, prosperous and exciting region in the world – Asia.



SIMON J DRAPER
Executive Director

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 maintains an audit and risk committee that meets each year with the external auditor.

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 was introduced in early 2017 which amends the structure of the board to be more in line with best practice. In November 2016 the board disestablished the executive committee as the new smaller board will meet more frequently in its place.

Governance philosophy

BOARD MEMBERSHIP

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

CONNECTION WITH STAKEHOLDERS

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

DIVISION OF RESPONSIBILITY BETWEEN THE BOARD AND MANAGEMENT

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

ACCOUNTABILITY

The board held four meetings during 2016/17 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 2017

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 accepts 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 2017 fairly reflect the financial position and operations of the Foundation.

Signed on behalf of the board:



HON JOHN LUXTON
Chairman
25 October 2017



SIMON MURDOCH
Deputy Chairman
25 October 2017

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 2017

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

Opinion

We have audited:

- the financial statements of the Foundation on pages 24 to 42, that comprise the statement of financial position as at 30 June 2017, 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 23.

In our opinion:

- the financial statements of the Foundation on pages 24 to 42:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2017; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.
- the performance information on pages 19 to 23:
 - presents fairly, in all material respects, the Foundation's performance for the year ended 30 June 2017, including for each class of reportable outputs:
 - its standards of delivery performance achieved as compared with forecasts included in the output agreement with the Ministry of Foreign Affairs and Trade for the financial year; and
 - its actual revenue and output expenses as compared with the forecasts included in the output agreement with the Ministry of Foreign Affairs and Trade for the financial year; and
 - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 25 October 2017. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Basis for opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

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

Responsibilities of the Board for the financial statements and the performance information

The Board is responsible on behalf of the Foundation for preparing financial statements and performance information that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Board is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board is responsible on behalf of the Foundation for assessing the Foundation's ability to continue as a going concern. The Board is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to liquidate the Foundation or to cease operations, or there is no realistic alternative but to do so.

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

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements and performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the Foundation's output agreement with the Ministry of Foreign Affairs and Trade.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit 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.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- We evaluate the appropriateness of the reported performance information within the Foundation's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Board is responsible for the other information. The other information comprises the information included on pages 7 to 14 and 43 to 47, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Foundation in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1(Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards 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 2016/17 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 Asia

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

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. This is not funded by the output agreement but relevant to the delivery of its mission.

STATEMENT OF PERFORMANCE (CONTINUED)

Financial performance under this output is summarised below.

	Actual 2017 \$	Budget 2017* \$	Actual 2016 \$
Revenue			
Crown output agreement	4,000,000	4,000,000	4,000,000
Other revenue	802,610	772,894	996,440
Total revenue	4,802,610	4,772,894	4,996,440
Total expenses	5,105,035	5,172,894	4,747,029
Net surplus/(deficit) for the period	(302,425)	(400,000)	249,411

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

Performance measures and results

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

Measure	Result						
Level of New Zealand public awareness of the importance of Asia to New Zealand	<p>An attitudinal research project, <i>New Zealanders' Perceptions of Asia and Asian Peoples</i>, has been undertaken since 1994.</p> <p>The results of the 2016/17 survey showed that 70 percent of New Zealanders saw the Asian region as important to New Zealand's future (second only to Australia).</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">2016/17 goal: increase on scale</td> <td style="width: 25%;">2016/17 actual:</td> <td style="width: 25%; text-align: right;">70%</td> </tr> <tr> <td></td> <td>2015/16 actual:</td> <td style="text-align: right;">75%</td> </tr> </table>	2016/17 goal: increase on scale	2016/17 actual:	70%		2015/16 actual:	75%
2016/17 goal: increase on scale	2016/17 actual:	70%					
	2015/16 actual:	75%					

* Budget is unaudited.

STATEMENT OF PERFORMANCE (CONTINUED)

Measure	Result
	<p>The year's survey showed a decrease in the New Zealanders who saw the Asian region as important. We note the following topics, issues, and media reports occurred shortly before survey fieldwork and may have contributed to New Zealanders' perceptions:</p> <ul style="list-style-type: none"> • Media reports of increased migration in 2016 • Media reports about an increase in tourist numbers from China • The average house price reaching \$1 million in Auckland • Asian property speculators supposedly influencing this increase in house prices • The Brexit vote, when just over half voted for the United Kingdom to leave the European Union • News about free trade agreements with China, Indonesia, and other Asian countries <p>It should be noted that survey fieldwork occurred during the presidential campaign in the United States of America. However, fieldwork was completed before the election of Donald Trump as President.</p>
<p>Informing the public:</p> <ul style="list-style-type: none"> • Public forums 	<p>Through public forums, speaking events and research reports the Foundation has moved to creating the national conversation on the relationship with Asia rather than amplifying it. Activities in this measure reach a wide audience across New Zealand with the Foundation's identified stakeholders as the main target. Given the government focus on the relationship with ASEAN during the reporting period the Foundation took the opportunity to look at this aspect of the New Zealand connection to Asia both in the region and NZ.</p> <p>2016/17 goal: two public forums 2016/17 actual: five public forums - Lantern Business Forum, Auckland and South Island Lantern Business Forum, Christchurch; Asia After Five (series of 11 events); Sri Lanka Prime Minister's public address at Parliament; Wellington on a Plate; and business workshop (series of four)</p> <p>2015/16 actual: five public forums – South China Sea public lecture; US-China public lecture; Start Up Secrets; business speakers (series of eight public events); and Wellington on a Plate</p>

STATEMENT OF PERFORMANCE (CONTINUED)

Measure	Result
<ul style="list-style-type: none"> <li data-bbox="193 383 541 450">• National speakers' bureau <li data-bbox="193 573 541 595">• Research Reports 	<p data-bbox="544 383 1398 450">2016/17 goal: two presentations per month (24) 2016/17 actual: 28 presentations</p> <p data-bbox="544 495 1398 517">2015/16 actual: 27 presentations</p> <p data-bbox="544 573 1398 775">2016/17 goal: three reports published and distributed 2016/17 actual: four reports published and distributed - <i>India and New Zealand: Growing our connectivity; India and New Zealand: The ties that bind us; Perceptions of Asia and Asian Peoples in New Zealand 2016; and Asian Investment in New Zealand.</i></p> <p data-bbox="544 819 1398 1021">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 Metropolises.</i></p>
<p data-bbox="193 1070 541 1126">Targeting opinion leaders:</p> <ul style="list-style-type: none"> <li data-bbox="193 1630 541 1653">• Leadership Network 	<p data-bbox="544 1070 1398 1305">The Leadership Network had its 10th anniversary in 2017. The Foundation is proud of the commitment and engagement of its 400+ membership. The demand for members to be involved in a wide range of activities across NZ Inc provides opportunities for them to grow their Asia expertise and networks, develop leadership qualities and connect to each other to form a strong resource for New Zealand.</p> <p data-bbox="544 1350 1398 1585">The Foundation was particularly pleased with the result of the agreement with Cricket Live Foundation that resulted in media promotion of that not-for-profit organisation founded by Leadership Network member Alex Reese. The response from the New Zealand public provided support for Cricket Live and its work in one of the Foundation's priority countries during the period, Sri Lanka.</p> <p data-bbox="544 1630 1398 1686">2016/17 goal: membership engagement annual census – 75% response 2016/17 actual:85%</p> <p data-bbox="544 1765 1398 1787">2015/16 actual: 83%</p>

STATEMENT OF PERFORMANCE (CONTINUED)

Measure	Result
	<p>2016/17 goal: agreements established with two international partner organisations 2016/17 actual: achieved – Cricket Live Foundation (agreed June 2017); and Just Peoples (agreed June 2017)</p> <p>2015/16 actual: achieved – Cricket Live Foundation (agreed June 2016) and Sustainable Coastlines (agreed June 2016)</p> <p>2016/17 goal: 35% of Leadership Network members using the individual Leadership Pathway 2016/17 actual: 30%</p> <p>2015/16 actual: 31%</p>
<p>Targeting opinion leaders:</p> <ul style="list-style-type: none"> • Track II dialogues 	<p>In the last ten years the Foundation has increased its Track II dialogue series to cover Asia more widely. This work has been further developed to include post-dialogue briefings and events to find a wider audience and to attract a new generation of international relations and other Track II practitioners.</p> <p>2016/17 goal: conduct seven Track II dialogues 2016/17 actual: seven Track II dialogues conducted: Indian Council for World Affairs; Diplomatic Academy of Vietnam, ASEAN and Australia at Kuala Lumpur; Prospect Foundation at Taiwan; Asan Institute for Policy Studies at Seoul; Thailand Institute of Security and International Studies at Bangkok; and Track 1.5 dialogue held with Japanese think tanks in Japan.</p> <p>2015/16 actual: five Track II dialogues conducted: Prospect Foundation of Taiwan; Asan Institute of Korea; ASEAN and Australia at Kuala Lumpur; Habibie Centre of Indonesia; and Diplomatic Academy of Vietnam.</p>
<p>Enabling schools:</p> <ul style="list-style-type: none"> • Asia New Zealand Foundation school network 	<p>2016/17 goal: increase number of schools within Asia New Zealand Foundation’s school network by 10% 2016/17 actual: 18% (698 schools)</p> <p>2015/16 actual: 70% (592 schools)</p>

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR ENDED 30 JUNE 2017

	Note	Actual 2017 \$	Budget 2017* \$	Actual 2016 \$
Revenue				
Revenue from the Crown	2	4,374,726	4,439,000	4,426,338
Project funding	2	101,554	69,644	150,818
Interest revenue	2	171,205	170,750	211,209
Core sponsorship		70,000	70,000	70,000
Management revenue	2	-	1,500	1,500
Other revenue		85,125	22,000	136,575
Total revenue		4,802,610	4,772,894	4,996,440
Expense				
Personnel costs	3	2,095,629	2,000,802	1,897,776
Project expense	4	198,115	214,911	272,706
Depreciation and amortisation	9, 10	124,508	143,681	131,400
Other expense	5	2,686,783	2,813,500	2,445,147
Total expense		5,105,035	5,172,894	4,747,029
Surplus/(Deficit)		(302,425)	(400,000)	249,411
Other comprehensive revenue and expense		-	-	-
Total comprehensive revenue and expense		(302,425)	(400,000)	249,411

Explanations of significant variances against budget are detailed in note 22.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

	Actual 2017 \$	Budget 2017* \$	Actual 2016 \$
Balance at 1 July	4,668,404	4,718,993	4,418,993
Total comprehensive revenue and expense for the year	(302,425)	(400,000)	249,411
Balance at 30 June	4,365,979	4,318,993	4,668,404

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 2017

	Note	Actual 2017 \$	Budget 2017* \$	Actual 2016 \$
ASSETS				
Current assets				
Cash and cash equivalents	6	366,810	357,500	436,384
Trade and other receivables	7	144,400	170,000	146,504
Investments	8	2,950,000	3,550,000	3,450,000
Total current assets		3,461,210	4,077,500	4,032,888
Non-current assets				
Property, plant and equipment	9	219,044	302,000	366,208
Intangible assets	10	-	10,000	-
Investments	8	1,350,000	750,000	1,200,000
Total non-current assets		1,569,044	1,062,000	1,566,208
Total assets		5,030,254	5,139,500	5,599,096
LIABILITIES				
Current liabilities				
Trade and other payables	11	297,151	484,164	544,306
Employee entitlements	12	163,412	100,000	143,803
Lease incentive	13	25,555	25,555	25,555
GST		22,862	40,000	38,037
Total current liabilities		508,980	649,719	751,701
Non-current liabilities				
Lease incentive	13	45,788	45,788	71,343
Provisions	14	109,507	125,000	107,648
Total non-current liabilities		155,295	170,788	178,991
Total liabilities		664,275	820,507	930,692
NET ASSETS		4,365,979	4,318,993	4,668,404
EQUITY				
General funds	16	2,922,577	2,884,576	3,245,325
Managed Fund Korea	16	788,429	793,373	789,185
Managed Fund Japan	16	654,973	641,044	633,894
TOTAL EQUITY		4,365,979	4,318,993	4,668,404

Explanations of major variances against budget are provided in note 22.

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 2017

	Note	Actual 2017 \$	Budget 2017* \$	Actual 2016 \$
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		374,726	509,000	496,338
Other revenue		358,658	30,000	228,153
Revenue on behalf of funds		-	26,500	26,500
		4,733,384	4,565,500	4,750,991
Cash was distributed to:				
Payments to suppliers		(3,098,042)	(2,986,390)	(2,853,782)
Payments to employees		(2,088,678)	(2,034,802)	(1,911,795)
Payments on behalf of funds		(58,000)	(52,000)	(66,110)
Net GST (paid)/received		(8,030)	(100,000)	15,568
		(5,252,750)	(5,173,192)	(4,816,119)
Net cash outflow from operating activities		(519,366)	(607,692)	(65,128)
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash was provided from:				
Interest received		169,646	200,000	213,873
Investments maturing		3,700,000	3,700,000	4,300,000
		3,869,646	3,900,000	4,513,873
Cash was distributed to:				
Acquisition of investments		(3,350,000)	(3,100,000)	(4,300,000)
Purchase of property, plant and equipment		(69,854)	(57,000)	(69,848)
Purchase of intangibles		-	(10,000)	-
		(3,419,854)	(3,167,000)	(4,369,848)
Net cash inflow/(outflow) from investing activities		449,792	733,000	144,025
Net (decrease)/increase in cash and cash equivalents		(69,574)	125,308	78,897
Plus opening cash		436,384	232,192	357,487
Closing cash and cash equivalents	6	366,810	357,500	436,384

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 22.

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 2017

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 2017 and were approved on 25 October 2017 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

Significant accounting policies are included in the notes to which they relate. Significant accounting policies that do not relate to a specific note are outlined below.

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.

Note 1: Statement of accounting policies for the year ended 30 June 2017 (continued)

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:

- *Useful lives and residual values of property, plant and equipment* – refer to note 8.
- *Impairment of non-financial assets* – refer to note 8.
- *Carrying amount of make-good provision for the Auckland and Wellington offices* – refer to note 13

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 2017:

- *Grants received* - refer to note 2
- *Lease classification* – refer to note 2
- *Financial asset classification* – refer to note 8

Note 2: Analysis of revenue

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

Revenue from the Crown

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 revenue from the Crown: 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.

Critical judgements in applying the Foundation's accounting policies

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 (continued)

	2017	2016
	\$	\$
REVENUE FROM THE CROWN		
<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)	304,726	368,729
Additional funding	70,000	57,609
Total revenue from the Crown	4,374,726	4,426,338
PROJECT FUNDING		
Lantern Festivals	64,410	84,576
Diwali Festivals	37,144	41,242
Japan Fund	-	25,000
Total project funding	101,554	150,818
MANAGEMENT REVENUE		
Japan Fund	-	1,500
Total management revenue	-	1,500
INTEREST REVENUE		
Net gains on held-to-maturity investments	162,260	200,789
Other interest	8,945	10,420
Total interest revenue	171,205	211,209

The total revenue of \$4,802,610 (2016 – \$4,996,440) includes total non-exchange revenue of \$4,610,874 (2016 – \$4,755,700).

Note 3: Personnel costs

	2017	2016
	\$	\$
Salaries and wages	2,029,242	1,866,419
KiwiSaver employer contributions	46,778	45,154
Increase/(decrease) in employee benefit liabilities	19,609	(13,797)
Total personnel costs	2,095,629	1,897,776
Key management personnel compensation		
Board Members		
Remuneration	\$11,336	\$Nil
Full-time equivalent members	13.8	21.0
Key management personnel		
Remuneration	\$445,045	\$408,882
Full-time equivalent members	2	1.83
Total key management personnel remuneration	\$456,381	\$408,882
Total full-time equivalent personnel	15.8	22.83

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. Board remuneration was for the period 1 March 2017 to 30 June 2017, and was paid to five members under the new trust deed.

Note 3: Personnel costs (continued)

Employee remuneration	2017	2016
Total remuneration paid		
\$100,000 – 109,999	2	2
\$110,000 – 119,999	-	1
\$120,000 – 129,999	2	-
\$150,000 – 159,999	1	1
\$160,000 – 169,999	-	1
\$170,000 – 179,999	1	-
\$190,000 – 199,999	1	-
\$200,000 – 209,999	-	2
\$240,000 – 249,999	1	-

Note 4: Project expense

	2017	2016
	\$	\$
Lantern Festivals	106,790	132,787
Diwali Festivals	64,325	76,305
Managed Fund Korea	27,000	33,614
Managed Fund Japan	-	30,000
Total project expense	198,115	272,706

Note 5: Other expense

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.

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.

Critical judgements in applying the Foundation's accounting policies

Determining 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.

Note 5: Other expense (continued)

	2017	2016
	\$	\$
Fees paid to auditor		
- Audit fees for financial statements' audit	26,532	25,848
Grants awarded	569,577	887,242
Operating lease payments	259,264	264,456
Board of Trustees' expenses (Note: fees paid to Trustees detailed in note 3)	47,426	64,387
Telecommunications	18,963	21,307
Insurance premiums	10,160	9,339
Impairment charges	92,107	-
Other operating expense	1,662,754	1,172,568
Total other expense	2,686,783	2,445,147

Project expense also includes grants awarded of \$27,000 (2016 – \$60,000).

Operating leases as lessee

The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:

	2017	2016
	\$	\$
Not later than one year	238,229	227,517
Later than one year and not later than five years	566,290	715,078
Five years or more	84,986	144,436
Total	889,505	1,087,031

Operating leases include the premises' leases for the Wellington and Auckland offices. A new photocopier lease commenced 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.

Note 6: 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.

	2017	2016
	\$	\$
Cash at bank	366,810	436,384
Total cash and cash equivalents	366,810	436,384

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 \$3,752 (2016 – \$68,067) 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

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.

	2017	2016
	\$	\$
Trade receivables	1,398	6,664
Interest receivable	103,217	101,657
Prepayments	39,785	38,183
Total trade and other receivables	144,400	146,504
Total receivables comprises:		
Receivables from the sale of goods and services (exchange transactions)	143,277	146,504
Receivables from grants (non-exchange transactions)	1,123	-

There is no impairment provision for trade receivables.

Note 8: 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.

Critical judgements in applying the Foundation's accounting policies

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.

Note 8: Investments (continued)

	2017	2016
	\$	\$
Current portion		
<i>Held to maturity</i>		
Term deposits maturing in the following 12 months	2,950,000	3,450,000
Non-current portion		
<i>Held to maturity</i>		
Term deposits maturing in over 12 months	1,350,000	1,200,000
Total investments	4,300,000	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

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%

Note 9: Property, plant and equipment (continued)

The residual value and useful life of an asset are reviewed, and adjusted if applicable, at the end of each financial year. 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.

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.

Critical accounting estimates and assumptions

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.

Impairment of non-financial assets

At each balance date the Foundation reviews all its non-financial assets for impairment. As a result of this review, the Foundation has written the carrying amount of festival equipment down to zero, an impairment of \$92,107 (2016 – Nil).

An incorrect estimate in the impairment calculation will impact the impairment charge expense in the statements of comprehensive revenue and expense, and the carrying amount of festival equipment in the statement of financial position.

Note 9: Property, plant and equipment (continued)

	Leasehold improvements \$	Computer equipment \$	Festival equipment \$	Furniture & fittings \$	Office equipment \$	Total \$
At 1 July 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
Additions	126	17,860	19,794	11,551	20,120	69,451
Disposals	-	(21,567)	(12,678)	-	(17,479)	(51,724)
Accumulated depreciation eliminated on disposal	-	21,567	12,678	-	17,479	51,724
Depreciation charge	(54,436)	(20,330)	(39,978)	(8,710)	(1,054)	(124,508)
Impairment losses	-	-	(92,107)	-	-	(92,107)
Reversal of impairment losses	-	-	-	-	-	-
Closing net book value	133,937	33,284	-	31,337	20,486	219,044
At 30 June 2017						
Cost	425,576	119,139	547,625	124,790	34,179	1,251,309
Accumulated depreciation and impairment charges	(291,639)	(85,855)	(547,625)	(93,453)	(13,693)	(1,032,265)
Net book value	133,937	33,284	-	31,337	20,486	219,044

An impairment charge of \$92,107 (2016 – Nil) was recognised for festival equipment, following a decision by the Foundation to gift festival equipment to Councils in Auckland, Wellington and Christchurch. The gifting will take place in July 2017.

There were no capital commitments as at 30 June 2017 (2016 – Nil).

Note 10: 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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Note 10: Intangible assets (continued)

	2017 \$
Software at 1 July 2016	
Cost	67,816
Accumulated amortisation	(67,816)
Opening carrying value	-
Additions	-
Disposals	-
Accumulated amortisation eliminated on disposal	-
Amortisation charge	-
Closing carrying value	-
Balance at 30 June 2017	
Cost	67,816
Accumulated amortisation	(67,816)
Closing carrying value	-

Note 11: Trade and other payables

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

	2017 \$	2016 \$
Payables under exchange transactions		
Trade payables	80,169	57,026
Accrued expenses	46,166	34,377
Total payables under exchange transactions	126,335	91,403
Payables under non-exchange transactions		
Trade payables	-	14,178
Grants payable	170,816	423,538
Accrued Expenses	-	543
Grants received subject to conditions	-	14,644
Total payables under non-exchange transactions	170,816	452,903
Total trade and other payables	297,151	544,306

Note 12: 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.

Note 12: Employee entitlements (continued)

Defined contribution superannuation schemes

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

	2017	2016
	\$	\$
Accrued salaries and wages	43,279	12,445
Annual leave	120,133	131,358
Total employee entitlements	163,412	143,803

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

Note 13: Lease incentive

Operating leases

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

	2017	2016
	\$	\$
Lease incentive		
Opening balance	96,898	122,454
Lease incentive used during the year	(25,555)	(25,556)
Closing balance	71,343	96,898

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.

	2017	2016
	\$	\$
Lease incentive		
Current portion	25,555	25,555
Non-current portion	45,788	71,343
Total balance	71,343	96,898

Note 14: 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.

Critical accounting estimates and assumptions

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.

	2017 \$	2016 \$
Non-current provisions		
<i>Lease make-good provision</i>		
Opening balance	107,648	110,091
Additional provisions made during the year	1,859	-
Unused amounts reversed	-	(2,443)
Closing balance	109,507	107,648

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 15: Contingent liabilities and assets

There were no contingent liabilities or assets as at 30 June 2017 (2016 – Nil).

Note 16: Capital management

The Foundation's capital is its 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.

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.

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 2016	Surplus/(Deficit)	30 June 2017
	\$	\$	\$
General funds	3,245,324	(322,747)	2,922,577
Managed Fund Korea	789,186	(757)	788,429
Managed Fund Japan	633,894	21,079	654,973
Total equity	4,668,404	(302,425)	4,365,979

Note 17: 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 2017 (2016 – Nil).

Note 18: Events after the balance date

There have been no significant events after the balance date.

Note 19: Financial instrument categories

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

	2017 \$	2016 \$
Financial assets		
<i>Loans and receivables</i>		
Cash and cash equivalents	366,810	436,384
Trade and other receivables	104,615	108,321
	<u>471,425</u>	<u>544,705</u>
<i>Held to maturity</i>		
Investments	4,300,000	4,650,000
Financial liabilities		
<i>Financial liabilities measured at amortised cost</i>		
Trade and other payables (excluding grants received subject to conditions)	297,151	529,662

Note 20: ASEAN Young Business Leaders Initiative

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

	2017 \$	2016 \$
Contribution towards personnel costs and overhead costs	134,000	134,000
Programme costs	194,640	245,712
Total expenditure	328,640	379,712

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 costs' and 'Other expenditure'.

Note 21: 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:

	2017 \$	2016 \$
Lantern Festivals	27,671	50,382
Diwali Festivals	9,638	22,039
Management services	16,789	31,812
Total donated services	54,098	104,233

Note 22: Explanation of significant variances against budget

2016/17 was the third 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 full-year deficit of \$400,000. The final result is a deficit of \$302,425, a variance of \$95,576.

Variances in income largely offset each other, either by changes in related expenditure or increases in other income streams resulting in higher than budgeted income.

Expenditure was underspent by \$67,859 due to savings across programmes, and larger savings in Track II engagement and the Leadership Network.

Statement of financial position

The variance in current assets relates to investment balances and is offset by our non-current asset investment balance.

The variance in Property, plant and equipment relates to the gifting of festival-related assets to Councils, this was not originally budgeted in 2016/17.

The Foundation did not have as many unpaid grants at 30 June as we budgeted for and as reported in the prior year.

ORGANISATION INFORMATION

Board of Trustees

Chairman: Hon John Luxton QSO

Deputy Chairmen: Hon Steve Maharey CNZM and Simon Murdoch CNZM

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

Board of Honorary Advisers

Chairman: Hon Gerry Brownlee, Minister of Foreign Affairs, (Hon Murray McCully)

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 Rafidah Aziz

Philippines: Guillermo M. Luz

Singapore: Dr Ng Eng Hen, Stanley Tan ONZM

South Korea: Professor Han Sung-Joo, Heekyung Jo Min

Thailand: Dr Ajva Taulananda, Dr Supachai Panitchpakdi, Dr Thitinan Pongsudhirak, Dr Pavidan Pananond

New Zealand: Dr Alan Bollard CNZM, Hon Philip Burdon, Trish Carter, Peter Chin CNZM, Rob Fyfe, Traci Houpapa, Raymond Huo, Professor Manying Ip, Ian Kennedy, Melissa Lee MP, Richard Long, Rt Hon Sir Don McKinnon, Peter Miskimmin, Mitchell Pham, Hon Simon Power QSO, Rt Hon Sir Anand Satyanand GNZM QSO KStJ, Dr Farib Sos MNZM

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

Asia New Zealand Foundation staff

Executive Director: Simon J Draper

Deputy Executive Director: Adele Mason

Director, Business: James Penn

Director, Strategic Communications and Media: Mark Russell

Director, Culture: Jennifer King MNZM

Director, Education: Jeffrey Johnstone

Director, Engagement and Research: Philippa McLachlan

Senior Communications Adviser: Janryll Fernandez

Senior Adviser, Research: James To

Web Content Manager: Ned Wotherspoon

Educators Network Manager: Sean O'Connor

Education Adviser: Yasheeka Bertram

Project Officer, Culture: Monica Turner

Team Administrator: Masina Taulapapa

Accountant: Sunita Soma

Executive Assistant: Paula McLaughlin

Administration Assistant: Elizabeth Basalaj

Auckland Office Manager: vacant (Emma Ashley)

Project Manager, ASEAN Young Business Leaders Initiative: Adam McConnochie

Media Centre Manager: Rebecca Palmer

Researcher: Rebecca Townsend

Digital Content Editor: Francine Chen

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

SPONSORS

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

Partners:

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

Sponsors:

The following made major monetary or in-kind contributions to specific Asia New Zealand Foundation 2016/17 projects:

Diwali Festival of Lights 2016

The Diwali Festival of Lights was held in partnership with ATEED in Auckland and by Wellington City Council in Wellington. Main sponsors of the Asia New Zealand Foundation were The Lion Foundation, The Western Union Company, Foundation North, the Community Trust of Wellington, Radio 105.3FM, Singapore Airlines Limited, SilkAir and the Indian Council for Cultural Relations.

Chinese Lantern Festival 2017

The Lantern Festival was held in partnership with ATEED in Auckland by Christchurch City Council in Christchurch. Main sponsors of the Asia New Zealand Foundation were The Lion Foundation, the Southern Trust, Pub Charity, the Milestone Foundation, the Mainland Foundation, Aoraki Trust, the Dragon Community Trust, China Travel Service and the Chinese Ministry of Culture.

The Foundation also acknowledges support from the following organisations:

AFS Intercultural Programs, Anzco Foods (Taiwan), Asan Institute for Policy Studies (Korea), Asha Society, Ashburton College, Baba Rafi (Indonesia), Bell Gully, BusinessDesk, Canterbury Indonesia Society, Chinese Language Foundation, Cobham Intermediate, Conference Incentives New Zealand, Confucius Institute, Creative New Zealand, *Deccan Herald*, EuroAsia, Fergusson Intermediate, Fonterra (Korea), Henderson Intermediate, Hong Kong Economic and Trade Office, Horowhenua College, Industrial Technology Research Institute (Taiwan), International Languages Exchanges and Pathways, *International New York Times* Hong Kong, Kaharoa Primary, Korea Foundation, KPMG (Vietnam), Kyushu Railway Company (Japan), Latitute, Liven Intermediate, Logan Park High School, Manukau School, Marian Catholic School, Milestone Foundation, Ministry of Defence, Ministry of Education, Ministry of Business, Innovation and Employment, Mount Hutt College, New Zealand Consulate General in Chendu, Oji Holdings (Japan), Onerahi School, Onslow College, Paraparaumu College, Pigeon Mountain School, Pomaria School, PwC New Zealand, Prospect Foundation, Pub Charity, Rakuten (Japan), Rotorua Primary, Sacred Heart Cathedral School, *Shanghai Daily*, Shirley Boys' High School, Shott Beverages, South Wellington Intermediate School, *Stuff.co.nz*, Sulabh International, Suri Agro Fresh, Taiwan USA Industrial Cooperation Promotion Office (Taiwan), Takapuna Normal Intermediate School, *The Myanmar Times*, *The Philippine Star*, *The Wireless*, Wellington East Girls' College, Wellington High School, Wellington Institute of Technology, Western Union, Yendarra School and Zespri (India).

The Foundation also acknowledges support from the following individuals:

Sue Allen, Robyn Andrews, Siah Swee Ang, Rob Ayson, John Ballingal, Sekhar Bandyopadhyay, Charlotte Beaglehole, Thongbai Bubphee, David Capie, Shine Choi, Shamubeel Eaqub, Prue Elwood, Tracey Epps, Charles Finny, Chloe Geoghegan, Ioana Gordon-Smith, Peter Griffin, Natasha Hamilton Hart, Natalie Harrington, Bernard Hickey, Kashmir Kaur, Jordan King, Nicholas Khoo, Jordan Lee, Rory MacDonald, Adrian Macey, Mark Mullins, Dhan Anghkana Neelapajit, Thao Nguyen, Elina Noor, Jim Ockey, Kevin Park, Robert Patman, Wei Sheng Phee, Samson Phommachack, David Pine, Rob Rabel, Jose Ramos-Horta, Ellen Read, Mark Rolls, Juliette Rowan, Alan Samson, Balamohan Shingade, Paul Sinclair, Dhaxna Sothieson, Emily Spink, Naimah Talib, Alex Tan, Sian Torrington, Jim Tully, Alice Wang, Corey Wallace, Greg Ward, Graeme Waters, Kate Yesberg and members of the Leadership Network.

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Auditor

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

Banker

ANZ Bank, Wellington

Solicitor

Bell Gully, Wellington

Insurer

NZI, Wellington