

Annual Report  
of the  
Asia New Zealand Foundation  
for the year ended 30 June 2010

*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 (Asia:NZ) board of trustees, the annual report on the operations of Asia:NZ for the year ended 30 June 2010.

A handwritten signature in grey ink, appearing to read 'P Burdon', is positioned above the printed name.

HON PHILIP BURDON  
**Chairman**

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## MISSION STATEMENT

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

## CHAIRMAN'S REPORT

Why is Asia so important to New Zealand? The answer is simple. If we remove Asia from our economic equation, much of the lifestyle we now take for granted falls into question.

From the New Zealand perspective, the signs have never been more obvious than in the past 12 months.

The past year, 2009/10, has seen the signing of a free trade agreement with Malaysia, solid progress in free trade negotiations with Korea and India, discussions of a blueprint for the closer integration of East Asian economies, and a visit to New Zealand by two of China's most powerful men – vice premier Li Keqiang and vice president Xi Jinping.

Our increasing interdependence with the region runs so deep that even if we wanted to unravel our trade, diplomatic, people-to-people and educational links, it would be virtually impossible.

Can there be any doubt that New Zealand's future is now inextricably tied to the Asian region?

Since it was established in 1994, Asia:NZ has worked tirelessly to build New Zealanders' knowledge and understanding of Asia. It is a sign that the foundation's work is paying off that more and more New Zealanders see the Asian region as important to New Zealand's future – 81 percent in 2009 compared with 75 percent in 2008, according to a recent national opinion survey by Colmar Brunton.

It is therefore a reasonable strategy to hitch our economic future to an Asian region that is becoming more powerful and influential. Asia has grown rapidly and is on a trajectory to keep on growing. Asian countries are beginning to dominate our exports and are major influences on our culture and way of life.

That's the opportunity side of the equation. The threat side is a world where our next generation of young people, our industries and our primary exporters will face increasing competition for jobs, goods and services in the international markets that are vital to maintaining our standard of living. Much of that competition will be coming out of Asia. The New Zealand business community responded to this challenge by signing up to Action Asia's latest initiative – the Business Education Partnership (BEP). Some 47 influential New Zealand business leaders became signatories to the partnership, demonstrating widespread recognition of the urgent need to raise the Asia awareness of our young people.

The aim of the foundation is that by 2015, all young New Zealanders will be leaving school with the knowledge, skills and intercultural competencies that they will need to compete in a world increasingly shaped by Asia. While there is still much to be done, the BEP is an important step in helping our young people to become more informed about the region and better equipped to deal with it.

Evidence tells us that school principals play a vital role in preparing young New Zealanders for their future, so we continued to expand our Asia Aware schools programme in 2009/10.

A number of key initiatives were implemented during the year, including a forum for New Zealand principals in Singapore and the publication of the *New Zealand Curriculum and Asia Guide*.

The Asia:NZ Young Leaders Network, now in its fourth year, also continued to be an important avenue for connecting New Zealand to Asia. The past 12 months have seen the network expand and flourish, with an increasing number of young leaders taking part in exciting events, both in New Zealand and offshore.

The foundation's culture programme continued to bring tens of thousands of New Zealanders into contact with Asian cultures through festivals and exhibitions. This year's Lantern and Diwali Festivals attracted record numbers and an unprecedented number of schools participated in parallel schools programmes.

During the year Asia:NZ continued to support and fund quality reporting of Asian issues to ensure better knowledge and understanding of the peoples and cultures of Asia. We also commissioned valuable research to explore all aspects of New Zealand's engagement with Asia, including the release of a series of enlightening *Outlook* papers on the New Zealand-Asia diaspora.

The appointment during the year of four highly regarded dignitaries to Asia:NZ's board of honorary advisers is a clear indication of the foundation's increasingly important role. The new honorary advisers are Dr Ng Eng Hen (Singapore), Mr Stanley Tan (Singapore), Madame Li Xiaolin (China) and Mr Soichiro Fukutake (Japan).

Dr Ng is Singapore's Minister for Education and Second Secretary for Defence, and replaces Prime Minister Lee Hsieng Loong who has been an adviser since 1994.

Mr Tan, who received an ONZM in 2002 for services to New Zealand-Singapore relations, initiated Asia:NZ's Singapore Scholarship programme at the National University of Singapore and has been a supporter since its inception in 1997.

Madame Li is the vice president of the People's Association of Friendship with Foreign Countries that undertook a joint exchange project with the Young Leaders Network during the year, while Mr Fukutake is chairman and chief executive officer of the Benesse Corporation of Japan.

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

The past 12 months have been busy and fruitful and we are continuing to see New Zealand's links with the countries and peoples of Asia proliferate. I would especially like to thank Richard Grant, our executive director, and his team for their continued energy, enthusiasm and professionalism, without which the achievements of the past year would not have been possible.

May I also pay tribute to honorary adviser Tan Sri Dr Sulaiman bin Haji Daud from Malaysia, who passed away during the year, and sincerely thank departing board members Jo Brosnahan, Mai Chen, Tim Gibson, Lex Henry and Simon Murdoch for their significant contribution to the foundation.

I would also like to welcome to the board Trish Carter, Peter Chin, David Rishworth, Jim van der Poel, the Rt Hon Sir Donald McKinnon, Melissa Lee and Raymond Ho.

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

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

A handwritten signature in dark ink, appearing to read 'P Burdon', written in a cursive style.

HON PHILIP BURDON

**Chairman**

23 September 2010

## EXECUTIVE DIRECTOR'S REPORT

In the past year the activities of the Asia New Zealand Foundation (Asia:NZ) have gathered pace, and more and more New Zealanders are embracing the importance of ties with Asia.

The countries of Asia, their cultures and their people represent an enormous opportunity for New Zealand. Embracing this opportunity doesn't mean throwing away our values or trying to be something we're not. It means grafting new knowledge and understanding onto our New Zealand experience. It's not just economic growth that's significant. New Zealanders have to understand the strategic changes that are underway in the Asian region.

As New Zealanders we really don't have a choice about the impacts that growth in the Asian region will have on us. They are as inevitable and ubiquitous as the products we buy. The trick is how to benefit most from them.

New Zealand's recovery from the global financial crisis has served to reinforce the fact that our economic wellbeing depends to a significant extent on how well our Asian trading partners fare. We are now at a critical juncture. Some might say we are already running late to catch the Asia Express.

In the past financial year, 2009/10, the team at Asia:NZ have continued to work hard to raise New Zealanders' awareness of Asia. It is a credit to their dedication and hard work that New Zealand's interconnecting links in business, education, media and the arts continue to deepen and diversify and that New Zealanders' perceptions of the region are changing.

During the year we offered networking and capacity-building opportunities for New Zealand business people wishing to enter Asian markets. A key initiative was our Business Leaders Seminar Series.

This year the series of seminars featured four presentations by notable New Zealand business people whose companies have a track record of success in the Asian region, including Sir Peter Maire, director of Fusion Electronics, Philip Gregan, chief executive of New Zealand Winegrowers, Jonathan Ling, chief executive of Fletcher Building and Andrew Clark, managing director of Boston Consulting, Auckland.

Another highlight was supporting a networking breakfast for business people interested in Taiwan, held in Auckland in September. Keynote speaker Melissa Wong had recently returned from a two-month internship at the Industrial Technology Research Institute (ITRI) in Taiwan.

In 2009/10 we continued to support the Japan New Zealand Business Council. With Asia:NZ assistance, two seminars were held in Auckland and Christchurch, bringing together a group of public and private sector organisations from Japan and New Zealand to discuss business opportunities in Japan. We also provided funding to the Hong Kong Business Association for a business networking function during the Hong Kong Film Festival in Auckland in September.



Perhaps the most exciting development of the year was the launch of the Business Education Partnership, a joint initiative between Asia:NZ and the business and education communities.

The partnership is an urgent call for New Zealand educators to think deeply about how we can prepare young New Zealanders for a future increasingly shaped by Asia. It underlines the link between employers, business associations and the education system, and sends a message that the place for our young people to acquire a sharper awareness of Asia begins in our schools.

Recognising the important role that school principals play as change leaders within their communities, a number of key initiatives were implemented to support the development of Asia Aware schools in 2009/10.

In July, Asia:NZ hosted an in-country forum for New Zealand principals in Singapore to deepen their understanding and knowledge of the country's education system and its rich and diverse culture.

The *New Zealand Curriculum and Asia Guide* was published in October as a companion document to the New Zealand curriculum. The guide includes practical ways to include Asian content in schools, with stories and comments from principals, teachers and students already engaging with Asia.

We also developed a range of resources, case studies and major units of work to assist educators in building Asia capacity in schools, and supported 29 principals and teachers to visit a range of countries in Asia including Singapore, Korea, Japan, Indonesia, India, Thailand, Malaysia and the Philippines. In addition, 10 schools received grants towards study trips to Asia and nine students received grants to study in Japan.

Asia:NZ's commitment to building awareness of Asia through its Diwali and Lantern Festivals' parallel schools programme continued in 2009/10, with more than 50 schools participating in performance workshops and/or lantern-making competitions. The variety of performers ranged from dancers and puppeteers from India to fusion and rock groups from China, and a master lantern artist from Taiwan.

The foundation's culture programme also brought tens of thousands of New Zealanders into contact with Asian cultures through festivals, exhibitions and performances. The Year of the Tiger started with a roar with a record 240,000 visitors to the 11<sup>th</sup> Auckland Lantern Festival, while more than 50,000 people attended the festival in Christchurch.

Two successful Diwali Festivals in Auckland and Wellington, organised in partnership with Auckland and Wellington City Councils, were accompanied for the first time by a short story competition, which attracted many well crafted entries.

The year also saw a new festival in July – the Japan Festival of Wellington –staged by Wellington City Council and the Japanese embassy, with support from Asia:NZ. The festival was a spectacular celebration of Japanese culture, featuring fabulous food stalls, crafts and non-stop entertainment, including taiko drumming, Clown Loto, Japanese puppeteers Darumamori and Eriko, leading Japanese classical musicians, and a Japanese hip-hop group from Sydney.

In late March, our second Southeast Asian Night Market, staged with Wellington City Council on Frank Kitts promenade, was a great success. A large barge became a stage for the day, featuring performances by artists from many of the 10 Association of Southeast Asian Nations (ASEAN) members, including the Cynthia Alexander Band from the Philippines.

During the year, we continued to offer exciting professional development opportunities for the arts sector. Asia:NZ's artist residency programme saw Kiwi-Samoan artist Andy Leleisi'uao take up residence at the Taipei Artist Village, while freelance Wellington choreographer and film director Alyx Duncan undertook a new performing arts residency in Beijing at Theatre in Motion, working on her experimental documentary *The Red House*. Video artist Janet Lilo was chosen to be a resident artist in Sapporo, Japan, under the Japan Foundation's JENESYS residency programme.

Christchurch-based artist Scott Flanagan was the recipient of the Asia:NZ/Christchurch Arts Centre Arts Residency Exchange for 2010. This three-month residency took Mr Flanagan to the National Museum of Contemporary Art's Goyang Studio, situated on the outskirts of Seoul, Korea. Taking up residency in the Arts Centre for the New Zealand side of this residency exchange was Hee-Kyoung Bae, a current recipient of a long-term residency at the Goyang Studio.

Artists hosted by the Asia:NZ/Wellington City Council Wellington Asia Residency Exchange (WARE) programme at the historic Bolton Street Cottage were Indonesian musicians Irwansyah Harahap and Rithaony Hutajulu and Chinese artist Mu Yuming. New Zealand-Chinese artist Kerry Ann Lee spent three months at Island6 Arts Center in Shanghai, China as part of the WARE programme.

Grants included support for the headline act Sutra at the 2010 New Zealand International Arts Festival, the inclusion of Chinese-American writer Yiyun Li in the Auckland Readers and Writers Festival, and the inclusion of artists Shilpa Gupta (India), Zheng Bo (China), Bundit Phunsombatlert (Thailand) and curator Doyun Chong (Korea/United States) in the Fourth Auckland Triennial.

In the past 12 months Asia:NZ has continued to support quality current affairs reporting and professional development opportunities for New Zealand journalists through its media programme. By supporting assignments and internships by New Zealand journalists, Asia:NZ aims to build a strong pool of journalists and journalism educators who have acquired Asian experience and have a great awareness of the region.

Journalists supported by Asia:NZ's media grants programme conducted assignments in India, Cambodia, Indonesia, Nepal, China, Japan, Malaysia, Thailand and South Korea.

Asia:NZ also supported internships and field trips for 12 young graduate journalists from journalism schools at Massey, Canterbury and AUT Universities to Indonesia, India, Cambodia and China. Under the internship programme, the graduate journalists undertook work experience at the *Deccan Herald* in India, *The Phnom Penh Post* in Cambodia, the *Shanghai Daily* in China, *The Jakarta Post* in Indonesia and *ChinaDaily.com* in China.

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

Asia:NZ also initiated two new internships in the Philippines and Hong Kong that are aimed at young journalists already working in newsrooms. The successful candidates are a TV3 reporter who will be based at the *International Herald Tribune* Hong Kong bureau for six weeks and a Fairfax journalist who will work at *The Philippine Star* for two months.

The inaugural Kiwi Asian Journalism Scholarship was awarded to a young Asian New Zealander enrolled in journalism at AUT University. The annual scholarship is designed to encourage young Kiwi Asians to consider journalism as a career option in order to help boost Asian representation in New Zealand newsrooms.

Other highlights of the year included hosting a Chinese reporter on work placement at *The Dominion Post* as part of Asia:NZ's exchange programme with the *Shanghai Daily*. We also supported, in partnership with Whitireia journalism school in Wellington, a speaking tour by one of China's first Internet journalists, Isaac Mao, and supported the participation of a journalism educator from Waikato Institute of Technology at the 'Reporting New Realities in Asia and the Pacific' international media conference in Hong Kong in April.

The fourth Young Leaders Forum, held in Wellington in November, brought together 30 young people from New Zealand and Asia. Participants engaged in leadership development, networking and presentation skills training and team-building activities.

Fourteen young leaders also attended this year's offshore forum in Hanoi, Vietnam in December. The forum was organised by Asia:NZ staff with assistance from the New Zealand embassy in Vietnam and included a range of activities, field visits and briefings.

Young leaders continued their commitment to grow the network across New Zealand through regional clusters, a photo exhibition and a number of annual events, including roundtables in all regions across the country and the Young Leaders' annual dinner.

Exciting events in which our young leaders took part during the year included the Asia:NZ's Business Leaders Seminar Series, Export New Zealand's Go Global seminar and a roundtable discussion with Indian politician Rahul Gandhi. Young leaders also took part in a number of offshore events including Track II meetings in China, Japan, India and Malaysia, and the Asia Pacific New Leaders Dialogue in Jakarta, Indonesia.

Two young leaders undertook internships at KPMG in Vietnam, one at Kyushu Railway Company in Fukuoka, Japan and another at the ITRI in Taiwan. Four young leaders are also being part sponsored on Excelerator's Future Leaders programme.

Some of our young leaders were also involved in Asia:NZ outreach opportunities, such as speaking at education events, acting as ambassadors for the network at the Lantern Festival, and organising emerging leaders' forums for year 12 and 13 students.

Our *Outlook* series of research papers continued to be an important part of our growing body of research and in 2009/10 contributed to the foundation's theme of the year – the year of the diaspora.

The first *Outlook* paper of the year, entitled *Intersections: Southeast Asia and diaspora engagement*, was launched in December. Written by Christchurch demographer Dr Robert Didham, the report provides an overview of the Southeast Asian diasporas in New Zealand and of the New Zealand diaspora in Southeast Asia. Dr Didham's second paper, *Future potential and the invisible diaspora: New Zealand and South Asia diaspora*, was released in April.

The third report about New Zealand's diaspora in China is set to be released in August 2010, while the last paper of the series examines why New Zealand should engage with its diaspora populations, and is expected to be released later in 2010.

The next *Outlook* series was also commissioned during 2009/10, looking at New Zealand's place in Asia. It offers perspectives from Australia, ASEAN, China, India and Japan. The first paper was written by Dr Malcolm Cook from the Lowy Institute for International Policy, in Sydney, Australia. Entitled *Standing together, in single file: Australian views of New Zealand and Asia*, it was released in June.

Asia:NZ also continued to lead New Zealand's Track II engagement with Asian partner organisations. The first New Zealand-India bilateral Track II dialogue was held in New Delhi, India in December.

Asia:NZ, together with the New Zealand Institute of International Affairs, also participated in a Track II dialogue with the Japan Institute of International Affairs in Tokyo, Japan.

In March, Asia:NZ's Track II programme hosted a delegation from Vietnam, and in June we hosted a delegation visiting from China's Fudan University. We also led New Zealand delegations to two rounds of discussions with the Chinese People's Institute of Foreign Affairs in Beijing, China.

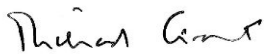
Other important events we attended during the year were the ASEAN-ISIS (ASEAN Institute of Strategic and International Studies) Asia Pacific Roundtable in Kuala Lumpur, Malaysia, and the Shangri-La Dialogue in Singapore. We also held Track II-related meetings in Australia at the Lowy Institute for International Policy, Sydney, at AsiaLink at the University of Melbourne, and at the Australian National University, Canberra.

In November Asia:NZ released its annual tracking survey by Colmar Brunton of New Zealanders' perceptions of Asia. The foundation also carried out external evaluations of two of our initiatives – the culture and media grants programmes – and commissioned a survey of our stakeholders to measure our effectiveness.

Surveys were undertaken of the foundation's Diwali and Lantern Festivals and a tracking research project on Asian business graduates commissioned in 2008 continues.

In 2009/10 Asia:NZ also commissioned important research in the education sector. Colmar Brunton was commissioned to research the amount of Asia-related content in New Zealand secondary schools, while Scanlan Communications Limited was commissioned to carry out a new survey that will track two New Zealand schools (one secondary, one primary) as they become more Asia aware.

As a small organisation, Asia:NZ continues to achieve excellent results that belie its size. I would like to thank our dedicated staff who have consistently achieved outstanding results. May I also take this opportunity to thank our board members and honorary advisers for their guidance and support, along with members of parliament, our core sponsors and external partners for their continued support and commitment.



DR RICHARD GRANT

**Executive Director**

23 September 2010

A detailed list of the 2009/10 grants can be found on Asia:NZ's website at [www.asianz.org.nz/about-us/governance/annual-report](http://www.asianz.org.nz/about-us/governance/annual-report)

## GOVERNANCE AND ACCOUNTABILITY STATEMENT

### **Role of the Board**

The Responsible Minister has appointed a governing board. The board's governance responsibilities include:

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

### **Structure of the Asia New Zealand Foundation (Asia:NZ)**

#### **ASIA:NZ OPERATIONS**

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

#### **BOARD COMMITTEES**

The board may set up committees to provide a more detailed level of focus on particular issues. Committees are delegated responsibility for governance, policy making and monitoring of the organisation's progress toward meeting objectives stated in policies. Committees do not involve themselves in operational matters. The board has established an Executive Committee to assist in strategy planning, managing and monitoring the performance of the executive director and monitoring organisational performance and reporting. In addition the board maintains an Audit and Risk Committee that meets twice each year, including a meeting with the external auditors.

#### **QUALITY ASSURANCE**

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

### Governance Philosophy

#### **BOARD MEMBERSHIP**

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

## **CONNECTION WITH STAKEHOLDERS**

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

## **DIVISION OF RESPONSIBILITY BETWEEN THE BOARD AND MANAGEMENT**

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

## **ACCOUNTABILITY**

The board held two meetings during 2009/10 to monitor progress toward its strategic objectives and to ensure that the affairs of Asia:NZ are being conducted in accordance with the board's policies.

## **DECLARATIONS OF INTEREST**

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

## **INTERNAL CONTROLS**

While many of the board's functions have been delegated, the overall responsibility for maintaining effective systems of internal control ultimately rests with the board. Internal controls include the policies, systems and procedures established to provide assurance that specific objectives of the board will be achieved. The board has acknowledged its responsibility by signing the Statement of Responsibility on page 16 of this report.

## **RISK MANAGEMENT**

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

## **LEGISLATIVE COMPLIANCE**

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

## **STATEMENT OF RESPONSIBILITY**

### **FOR THE YEAR ENDED 30 JUNE 2010**

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

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

In the opinion of the board of Asia:NZ the financial statements and statement of service performance for the year ended 30 June 2010 fairly reflect the financial position and operations of Asia:NZ.



HON PHILIP BURDON  
**Chairman**  
23 September 2010



RICHARD NOTTAGE  
**Deputy Chairman**  
23 September 2010



AUDIT REPORT  
TO THE READERS OF THE  
ASIA NEW ZEALAND FOUNDATION'S  
FINANCIAL STATEMENTS AND STATEMENT OF SERVICE  
PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010

The Auditor-General is the auditor of the Asia New Zealand Foundation (Asia:NZ). The Auditor-General has appointed me, Stephen Lucy, using the staff and resources of Audit New Zealand, to carry out the audit on her behalf. The audit covers the financial statements and statement of service performance included in the annual report of Asia:NZ for the year ended 30 June 2010.

**Unqualified opinion**

In our opinion:

- The financial statements of Asia:NZ on pages 25 to 48:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - Asia:NZ's financial position as at 30 June 2010; and
    - the results of its operations and cash flows for the year ended on that date.
- The statement of service performance of Asia:NZ on pages 20 to 24:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects for each class of outputs:
    - its standards of delivery performance achieved, as compared with the forecast standards outlined in the statement of forecast service performance adopted at the start of the financial year; and
    - its actual revenue earned and output expenses incurred, as compared with the forecast revenues and output expenses outlined in the statement of forecast service performance adopted at the start of the financial year.

The audit was completed on 23 September 2010, and 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 the Auditor, and explain our independence.

### **Basis of opinion**

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements and statement of service performance did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements and statement of service performance. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Board;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement and statement of service performance disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance.

We evaluated the overall adequacy of the presentation of information in the financial statements and statement of service performance. We obtained all the information and explanations we required to support our opinion above.

### **Responsibilities of the Board and the Auditor**

The Board is responsible for preparing the financial statements and statement of service performance in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of Asia:NZ as at 30 June 2010 and the results of its operations and cash flows for the year ended on that date.

The statement of service performance must fairly reflect, for each class of outputs, Asia:NZ's standards of delivery performance achieved and revenue earned and expenses incurred, as compared with the forecast standards, revenue and expenses adopted at the start of the financial year. The Board's responsibilities arise from the Public Finance Act 1989 and the Trust Deed.

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

### **Independence**

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

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



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

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

This audit report relates to the financial statements and statement of service performance of the Asia New Zealand Foundation for the year ended 30 June 2010 included on the Asia New Zealand Foundation's website. The Asia New Zealand Foundation board is responsible for the maintenance and integrity of the Asia New Zealand Foundation's website. We have not been engaged to report on the integrity of the Asia New Zealand Foundation's website. We accept no responsibility for any changes that may have occurred to the financial statements and statement of service performance since they were initially presented on the website.

The audit report refers only to the financial statements and statement of performance named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements and statement of service performance. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and statement of service performance as well as the related audit report dated 23 September 2010 to confirm the information included in the audited financial statements and statement of service performance presented on this website.

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

## STATEMENT OF OBJECTIVES AND SERVICE PERFORMANCE

In 2009/10, the Government provided Asia:NZ with funding for one output, under the output class:

### **“Promotion of Asian Skills and Relationships”**

This output can be summarised as follows:

### ***“The provision of services that build and sustain New Zealanders’ knowledge and understanding of and relationships with Asia”***

#### **Outcomes**

This output is focused on the following outcomes:

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

#### **Activities**

Particular note has been made of the recommendations of the external review of Asia:NZ that the organisation should seek to align its offshore programmes with New Zealand’s specific foreign and trade policy priorities. It should enhance private sector linkages, take a leadership role in Track II relationships, step up outreach with international networks including the Asia:NZ honorary advisers programme and existing offshore partnerships and build influential networks in the region. Activity included:

- Projects to advance the call to boost New Zealand’s economic performance, including networking opportunities for New Zealand business in the region, promoting increased engagement between New Zealand business and the Asian diaspora resident in New Zealand, and supporting initiatives with partners (eg, International Business Forum, NZTE).
- Influencing and advising policy related to economic development and participation in economic Track II dialogues as well as increased Track II engagement between New Zealand and Asia. Political and security Track II activity has seen initiatives with China, Japan, Vietnam and ASEAN/Australia, and with India.
- A programme of international engagement in the Asian region to open doors, to extend networks of influence, and to identify opportunities to leverage on existing networks.
- Working to identify how New Zealand’s Asian communities can be utilised, particularly to strengthen economic growth, in our relations with Asia.
- The Business Education Partnership, a new initiative to link business and education communities together to increase Asian studies.
- A Young Leaders Network and associated programmes bringing together and building a pool of talented young people who are committed to connecting New Zealand to Asia.

## STATEMENT OF OBJECTIVES AND SERVICE PERFORMANCE (CONTINUED)

- Professional development for New Zealanders to build Asian knowledge and help fill gaps identified by employers. This programme proactively seeks experiential opportunities for arts professionals, media, educators, researchers and business leaders.
- Working with local government to extend knowledge of Asia in the community with the involvement of the growing number of Asian New Zealanders. This includes further development of Asia:NZ programmes to enrich experience and ensure value is added through international linkages, private sector involvement and outreach to all New Zealanders. Other activities are the provision of advice to local government on building networks, reaching Asian communities and providing public programmes on Asia, providing assistance and opportunities for institutions to include Asian content in their programmes and building networks into Asian communities in New Zealand.
- Initiatives and research to ensure transfer of Asia knowledge across New Zealand to a variety of sectors, including a school leadership campaign and a rich source of information through the Asia:NZ *online* website.
- Working closely with MFAT and other government stakeholders to facilitate alignment of annual business plans with government priorities.

**Financial performance under this output is summarised below.**

	<b>Actual 2010 \$</b>	<b>Budget 2010 \$</b>	<b>Actual 2009 \$</b>
<b>Revenue</b>			
Crown Output Agreement	2,000,000	2,000,000	4,000,000
Other revenue	1,567,072	1,546,885	2,129,307
<b>Total revenue</b>	<b>3,567,072</b>	<b>3,546,885</b>	<b>6,129,307</b>
<b>Total expenses</b>	<b>5,378,705</b>	<b>5,594,879</b>	<b>6,117,284</b>
<b>Net surplus/(deficit) for the period</b>	<b>(1,811,633)</b>	<b>(2,047,994)</b>	<b>12,023</b>

It was noted in the 2009/10 Estimates for Vote Foreign Affairs and Trade, that the Asia:NZ would draw down from its reserves up to \$2,000,000 to deliver on outcome and activities set out in the Output Agreement.

This year all activities are funded either by the Crown output agreement \$2,000,000 (2008/09 \$4,000,000), other revenues of \$1,567,072 (2008/09 \$2,129,307) or from reserves \$1,811,633 (2008/09 - Nil).

## STATEMENT OF OBJECTIVES AND SERVICE PERFORMANCE (CONTINUED)

The output agreement specifies certain activities and outcomes to be achieved with the funding provided. For each activity and outcome, performance measures have been established and results are detailed below. Please note activities funded from other revenues and reserves may also contribute towards the same output agreement outcome.

Measure	Result						
Level of Asia literacy and engagement with Asia by Asia:NZ constituents	<p>An on-line survey by Colmar Brunton “<i>Measuring the Success of the Asia New Zealand Foundation</i>” was developed for the first time in the 2008/09 year. This survey was designed to measure the impact of Asia:NZ programmes and requests information to document evidence of increased activity and engagement with Asia.</p> <p>In the 2009/10 year nearly four out of five stakeholders (78%) said that, over the previous 12 months, Asia:NZ had helped them to engage with the peoples and countries of Asia (up from 74% in 2008/09). The main reasons for saying this centre on the range of networking opportunities provided by Asia:NZ (48% vs. 42% in 2008/09). A larger proportion of stakeholders this year say Asia:NZ has helped them begin a new project or initiative (33% vs. 21% in 2008/09).</p> <table><tr><td>2008/09 goal: new measure</td><td>2008/09 actual:</td><td>74%</td></tr><tr><td>2009/10 goal: 74%</td><td>2009/10 actual:</td><td>78%</td></tr></table>	2008/09 goal: new measure	2008/09 actual:	74%	2009/10 goal: 74%	2009/10 actual:	78%
2008/09 goal: new measure	2008/09 actual:	74%					
2009/10 goal: 74%	2009/10 actual:	78%					
Level of New Zealand public awareness of the importance of Asia to New Zealand	<p>An attitudinal research project “<i>Perceptions of Asia</i>” has been undertaken since 1994. Results for 2009/10 showed that four out of five (81%) New Zealanders see the Asian region as important to New Zealand’s future (up from 75% in 2008/09). Only Australia with 89% rates as being more important to New Zealand’s future than Asia. Also compared to 2008/09, more New Zealanders now think free trade agreements (up from 74 % to 78%) and imports from Asia (up from 58%to 63%) will have a positive impact on New Zealand’s future.</p> <table><tr><td>2008/09 goal new measure</td><td>2008/09 actual</td><td>75%</td></tr><tr><td>2009/10 goal 75%</td><td>2009/10 actual</td><td>81%</td></tr></table>	2008/09 goal new measure	2008/09 actual	75%	2009/10 goal 75%	2009/10 actual	81%
2008/09 goal new measure	2008/09 actual	75%					
2009/10 goal 75%	2009/10 actual	81%					

## STATEMENT OF OBJECTIVES AND SERVICE PERFORMANCE (CONTINUED)

<p>Increase in engagement with Asia, including through business, Track II and other linkages</p>	<p>The Asia:NZ business programme has been enhanced by ensuring it is a focus across the foundation's work areas. An advisory group of senior business figures has been established. This group became champions of the Business Education Partnership, an initiative of Asia:NZ launched in November 2009 by Minister Anne Tolley. This is a call by New Zealand business for inclusion of Asian studies in schools and the education sector. Other activities include a business leaders' speakers series, business internships in Asia with private sector partners, support of business organisations and supporting the work of the government in promoting the negotiations of free trade agreements, including chairing of the Japan-New Zealand Partnership Forum and supporting the Korea-NZ Roundtable.</p> <p>Asia:NZ is working to position itself as the leading Track II organisation in New Zealand with respect to Asia in the political and security area. New dialogues established recently and undertaken in 2009/10 are between New Zealand and Vietnam, ASEAN/Australia, China, Japan and India. Part of the strategy in the Track II arena is a drive to introduce a new generation of New Zealanders to Track II participation. A Track II register has been set up by Asia:NZ to ensure there is diversity in New Zealand representation and all meetings are reported on the Asia:NZ <i>online</i> website.</p>
<p>Survey feedback from government stakeholders indicating government priorities supported in Asia:NZ programmes</p>	<p>The Foundation has regular contact with key government departments and has, as a priority, cooperated in NZ Inc activities. This has included hosting forums for Rahul Gandhi of India, Foreign Minister George Yeo of Singapore, supporting Track II activities across the Asian region. The Asia:NZ executive regularly meets with the Ministry of Education, NZTE, MFAT, Creative NZ, Department of Labour, Statistics New Zealand, Office of Ethnic Affairs and the Ministry of Defence.</p> <p>Government stakeholders have been consulted formally by the Asia:NZ executive and feedback has been taken into account for future planning. A formal system of measuring stakeholder satisfaction is being developed.</p>

## STATEMENT OF OBJECTIVES AND SERVICE PERFORMANCE (CONTINUED)

In addition to the performance measures noted in the output agreement, Asia:NZ provide for external evaluations of two elements of its strategic plan every year. The results of these are used to inform further development of programmes. During the 2009/10 year, evaluations were undertaken as follows:

Evaluation of the cultural grant programme	<p>An evaluation was carried out in February 2010 by Alison Carroll, Director Arts, Asialink, Australia. The aims of her evaluation were to:</p> <ul style="list-style-type: none"> <li>• measure the effectiveness and value of Asia:NZ's grants and the awareness of the opportunities the cultural programme provides to the general arts sector</li> <li>• Look towards contributing to the development of future strategy, ensuring that the resources in place are being effectively used to achieve Asia:NZ's main objectives</li> </ul> <p>As a result of this evaluation Asia:NZ is working to implement recommendations to consolidate focus and resources in the culture programme and continue to ensure it is not working in areas duplicated elsewhere. The programme will refocus from community grants to building expertise for New Zealand's art sector and will work closely with Creative NZ. It will also focus on contemporary Asian arts first and traditional second.</p>
Evaluation of the media grant programme	<p>This evaluation by an independent contractor was scheduled to be completed by the end of June 2010. Following ill health of the contractor it is now due by September 2010.</p>



## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2010

	Note	Actual 2010 \$	Budget 2010 \$	Actual 2009 \$
<b>Income</b>				
Crown Revenue	2	2,000,000	2,000,000	4,328,952
Project Funding	2	1,012,167	1,086,500	1,029,661
Interest Income		141,525	110,062	304,535
Core Sponsorship		95,000	145,000	145,000
Donated Income	2	222,394	205,323	242,804
Other Revenue		95,986	-	78,355
<b>Total income</b>		<b>3,567,072</b>	<b>3,546,885</b>	<b>6,129,307</b>
<b>Expenditure</b>				
Personnel Costs	3	1,582,043	1,543,392	1,599,069
Project expenditure		1,285,555	1,265,063	1,307,029
Depreciation and amortisation	8	145,657	78,187	100,441
Other expenditure	4	2,391,518	2,729,820	3,134,191
Less: Management Income	2	(26,068)	(21,583)	(23,446)
<b>Total expenditure</b>		<b>5,378,705</b>	<b>5,594,879</b>	<b>6,117,284</b>
<b>Net surplus/(deficit) for the period</b>		<b>(1,811,633)</b>	<b>(2,047,994)</b>	<b>12,023</b>
<b>Other comprehensive income</b>		-	-	-
<b>Total comprehensive income for the year</b>		<b>(1,811,633)</b>	<b>(2,047,994)</b>	<b>12,023</b>

Explanations of significant variances against budget are detailed in note 25.

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2010

	Actual 2010 \$	Budget 2010 \$	Actual 2009 \$
<b>Accumulated funds as at 1 July</b>	<b>3,707,022</b>	<b>3,619,681</b>	<b>3,694,999</b>
Total comprehensive income for the year	(1,811,633)	(2,047,994)	12,023
<b>Accumulated funds as at 30 June</b>	<b>1,895,389</b>	<b>1,571,687</b>	<b>3,707,022</b>

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

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010

	Note	Actual 2010 \$	Budget 2010 \$	Actual 2009 \$
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	5	281,749	170,400	425,697
Trade and other receivables	6	83,104	86,000	56,468
GST		12,633	-	-
Investments	7	3,412,536	1,063,000	4,289,645
<b>Total current assets</b>		<b>3,790,022</b>	<b>1,319,400</b>	<b>4,771,810</b>
<b>Non-current assets</b>				
Property, plant and equipment	8	256,886	329,974	280,150
Intangible assets	9	27,769	113,049	46,584
Investments	7	-	1,800,000	906,890
<b>Total non-current assets</b>		<b>284,655</b>	<b>2,243,023</b>	<b>1,233,624</b>
<b>Total assets</b>		<b>4,074,677</b>	<b>3,562,423</b>	<b>6,005,434</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	10	415,025	280,000	430,485
Employee entitlements	11	152,501	80,000	123,396
GST		-	15,000	34,026
<b>Total current liabilities</b>		<b>567,526</b>	<b>375,000</b>	<b>587,907</b>
<b>Non-current liabilities</b>				
Provisions	12	119,056	98,846	95,966
<b>Funds managed by Asia:NZ</b>				
Korea Fund	15	785,330	783,867	800,954
Orion Fund	16	59,853	80,642	160,283
Mervyn Barnett Fund	14	53,233	52,011	51,299
Japan Fund	13	594,289	600,370	602,003
<b>Total non-current liabilities</b>		<b>1,611,761</b>	<b>1,615,736</b>	<b>1,710,505</b>
<b>Total liabilities</b>		<b>2,179,288</b>	<b>1,990,736</b>	<b>2,298,412</b>
<b>NET ASSETS</b>		<b>1,895,389</b>	<b>1,571,687</b>	<b>3,707,022</b>
<b>ACCUMULATED FUNDS</b>				
<b>General funds</b>		<b>1,895,389</b>	<b>1,571,687</b>	<b>3,707,022</b>
<b>TOTAL ACCUMULATED FUNDS</b>		<b>1,895,389</b>	<b>1,571,687</b>	<b>3,707,022</b>

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

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2010

	Note	Actual 2010 \$	Budget 2010 \$	Actual 2009 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Cash was provided from:</b>				
Supply of outputs to the Crown		2,000,000	2,000,000	4,000,000
Other income		921,407	961,871	1,250,340
Income on behalf of funds		29,500	87,291	28,000
Net GST received		-	-	-
		<b>2,950,907</b>	<b>3,049,162</b>	<b>5,278,340</b>
<b>Cash was distributed to:</b>				
Payments to suppliers		(3,161,058)	(3,498,215)	(3,817,627)
Payments to employees		(1,551,993)	(1,514,533)	(1,550,479)
Payments on behalf of funds		(164,710)	(163,764)	(186,698)
Net GST paid		(148,145)	120,000	(81,102)
		<b>(5,025,906)</b>	<b>(5,056,512)</b>	<b>(5,635,906)</b>
<b>Net cash outflow from operating activities</b>	17	<b>(2,074,999)</b>	<b>(2,007,350)</b>	<b>(357,566)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Cash was provided from:</b>				
Interest received		265,356	116,528	423,139
Investments maturing		4,174,000	5,100,000	5,664,000
		<b>4,439,356</b>	<b>5,216,528</b>	<b>6,087,139</b>
<b>Cash was distributed to:</b>				
Acquisition of investments		(2,450,000)	(2,878,811)	(5,175,000)
Purchase of property, plant and equipment		(58,305)	(205,000)	(165,392)
Purchase of intangibles		-	(30,000)	(54,434)
		<b>(2,508,305)</b>	<b>(3,113,811)</b>	<b>(5,394,826)</b>
<b>Net cash inflow/(outflow) from investing activities</b>		<b>1,931,051</b>	<b>2,102,717</b>	<b>(692,313)</b>
Net (decrease)/increase in cash and cash equivalents		(143,948)	95,367	334,747
Plus opening cash		425,697	75,033	90,950
<b>Closing cash and cash equivalents</b>	5	<b>281,749</b>	<b>170,400</b>	<b>425,697</b>

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

## **NOTES TO THE FINANCIAL STATEMENTS**

### **Note 1 : Statement of accounting policies for the year ended 30 June 2010**

#### **Reporting entity**

Asia:NZ is a 4th schedule entity in terms of the Public Finance Act 1989. These financial statements have been prepared in accordance with the Public Finance Act 1989 and Crown Entities Act 2004. In addition, Asia:NZ has reported on the funding administered on behalf of the Crown in the Statement of Objectives and Service Performance.

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

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

The financial statements for Asia:NZ are for the year ended 30 June 2010, and were approved by the Audit and Risk Committee on 23 September 2010.

#### **Measurement base and statement of compliance**

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

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

#### **Changes in accounting policies**

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

Asia:NZ has adopted the following revisions to accounting standards during the financial year, which have had only a presentational effect:

- NZ IAS 1 Presentation of Financial Statements (Revised 2007) replaces NZ IAS 1 Presentation of Financial Statements (Issued 2004). The revised standard requires information in financial statements to be aggregated on the basis of shared characteristics and introduces a statement of comprehensive income. The statement of comprehensive income will enable readers to analyse changes in equity resulting from non-owner changes separately from transactions with owners. Asia:NZ has chosen to prepare a single statement of comprehensive income for the year ended 30 June 2010 under the revised standard. Financial statement information for the year ended 30 June 2009 has been restated accordingly. Items of comprehensive income presented in the statement of comprehensive income were previously recognised directly in the statement of changes in equity.
- Amendments to NZ IFRS 7 Financial Instruments: Disclosures. The amendments introduce a three level fair value disclosure hierarchy that distinguishes fair value measurements by the significance of valuation inputs used. A maturity analysis of financial assets is also required to be prepared if this information is necessary to enable users of the financial statements to evaluate the nature and extent of liquidity risk. The transitional provisions of the amendment do not require disclosure of comparative information in the first year of application.

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

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

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

## **Significant accounting policies**

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

### **Revenue**

Revenue is measured at the fair value of consideration received.

### ***Outputs to the Crown***

Asia:NZ derives revenue through the provision of outputs to the Crown. A schedule detailing the timing of this revenue stream is agreed with the Ministry of Foreign Affairs and Trade (MFAT) at the beginning of the year and income is recognised according to this schedule.

### ***Interest income***

Interest income is recognised using the effective interest method.

### ***Other revenue***

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

### ***Donated assets and services***

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

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

**Grant expenditure**

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

**Foreign currency**

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

**Income tax**

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

**Leases*****Finance and operating leases***

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred. At the commencement of the lease term, Asia:NZ recognises finance leases as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments. The finance charged is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether ownership is transferred at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life. 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.

**Cash and cash equivalents**

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

**Trade and other receivables**

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

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

## **Investments**

Asia:NZ classifies its financial assets as either held-to-maturity investments or loans and receivables.

Held to maturity investments are term deposits with fixed or determinable payments and fixed maturities that Asia:NZ has the positive intention and ability to hold until maturity. After initial recognition, they are measured at amortised cost using the effective interest method. Gains or losses when the asset is impaired or derecognised are recognised in the statement of comprehensive income. Investments in this category include term deposits with maturities in excess of three months.

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

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

## **Property, plant and equipment**

Property, plant and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses

### ***Additions***

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, the future service potential associated with the item will flow to Asia:NZ. Where an asset is acquired at no cost, or nominal cost, it is recognised at fair value as at the date of acquisition.

### ***Disposals***

Gains and losses on disposals are measured by comparing the proceeds with the carrying value of the asset. Gains and losses on disposal are included in the statement of comprehensive income.

### ***Subsequent costs***

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

## **Depreciation**

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

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

Leasehold improvements	5.5 years	18%
Furniture and fittings	3.8 – 9 years	11 - 26%
Office equipment	3.5 – 6.7 years	15 - 29%
Computer equipment	2.8 – 3.5 years	29 - 36%
Festival equipment	2 – 5 years	20 - 50%

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

## **Intangible assets**

### ***Software acquisition and development***

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

Staff training costs are recognised as an expense when incurred.

## **Amortisation**

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

Computer software	3 years	33%
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## **Impairment of non-financial assets**

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

## **Trade and other payables**

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



## **Employee benefits**

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

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

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

### *Defined contribution superannuation schemes*

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

## **Provisions**

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

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

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

All items in the financial statements are exclusive of GST, with the exception of accounts receivable and accounts payable which are stated with GST included. Where GST is irrecoverable as an input tax, then it is recognised as part of the related asset or expense. The net GST paid to or received from the Inland Revenue Department, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

## **Budget figures**

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

## **Critical accounting estimates and assumptions**

The preparation of financial statements in conformity with NZ IFRS requires estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

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

#### *Provisions*

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

An incorrect estimate in the make good calculation will impact the depreciation expense in the statement of [comprehensive income](#), and the carrying amount of the leasehold improvements asset in the statement of financial position.

### **Critical judgements in applying Asia:NZ accounting policies**

Management has exercised the following critical judgements in applying Asia:NZ accounting policies for the period ended 30 June 2010:

#### *Financial asset classification*

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

Asia:NZ has exercised its judgement on the appropriate classification of our financial assets as held to maturity.

#### *Lease classification*

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

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

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

### **Cost of service statements**

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

### **Managed funds**

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

#### *Japan Fund*

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

#### *Korea Fund*

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

#### *Mervyn Barnett Fund*

This fund is included as part of the Asia:NZ investments. Asia:NZ allocates interest to the fund at the end of each financial year. Third party donations are credited directly to the fund and interest is earned from the day the donation is received. Asia:NZ charges a 10 percent management fee based on total expenditure in the year.

#### *Orion Fund*

This fund is included as part of the Asia:NZ investments and represents the balance of a \$1 million donation originally received by Asia:NZ from an anonymous Japanese benefactor. The donation was originally given for whatever purpose Asia:NZ felt appropriate and interest earned on the fund could be used by Asia:NZ for the same purpose. A meeting was held with the benefactor, where it was decided that an additional contribution would be made and the whole fund would be made available for projects involving people to people exchanges with New Zealand and the Kansai area of Japan.

#### **Management fees for funds managed**

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

**Note 2 : Analysis of revenue**

	2010 \$	2009 \$
<b>CROWN REVENUE</b>		
<i><b>From the Ministry of Foreign Affairs &amp; Trade</b></i>		
Output Agreement	2,000,000	4,000,000
ABAC Meeting Wellington funding	-	231,328
Additional funding	-	19,250
ABAC activity funding	-	78,374
<b>Total Crown Revenue</b>	<b>2,000,000</b>	<b>4,328,952</b>
<b>PROJECT FUNDING</b>		
Lantern Festivals	635,675	577,478
Diwali Festivals	281,546	275,071
Singapore Scholarships	94,946	84,112
ABAC Meeting Wellington sponsorship	-	93,000
<b>Total project funding</b>	<b>1,012,167</b>	<b>1,029,661</b>
<b>DONATED INCOME</b>		
<i><b>Donated Services</b></i>		
Management Services	11,270	46,891
Lantern Festivals	111,570	112,934
Diwali Festivals	79,468	82,979
	202,308	242,804
<i><b>Donated Assets</b></i>		
Lantern Festivals	20,086	-
<b>Total donated income</b>	<b>222,394</b>	<b>242,804</b>
<b>MANAGEMENT INCOME</b>		
Singapore Scholarships	10,550	9,346
Korea Fund	4,896	4,077
Japan Fund	6,950	7,898
Orion project	3,672	2,125
<b>Total management income</b>	<b>26,068</b>	<b>23,446</b>

**Note 3 : Employee benefit expenses**

	2010 \$	2009 \$
Salaries and wages	1,533,087	1,547,712
Kiwisaver Employer contributions	19,850	19,185
Increase in employee benefit liabilities	29,106	32,172
<b>Total Employee benefit expenses</b>	<b>1,582,043</b>	<b>1,599,069</b>

**Note 4 : Total expenditure**

	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
Fees paid to auditors		
- Audit fees for financial statement audit	27,033	26,815
Grants awarded	647,931	705,416
Operating lease payments	270,730	249,304
Board of Trustees expenses (Note: no fees were paid to the Trustees)	47,115	64,417
Telecommunications	30,326	27,741
Insurance premiums	7,782	6,797
Other operating expenditure	1,360,601	2,053,701
<b>Total other expenditure</b>	<b>2,391,518</b>	<b>3,134,191</b>

**Note 5 : Cash and cash equivalents**

	<b>30 June 2010</b>	<b>30 June 2009</b>
	<b>\$</b>	<b>\$</b>
Cash and bank	281,749	425,697
<b>Total cash and cash equivalents</b>	<b>281,749</b>	<b>425,697</b>

**Note 6 : Trade and other receivables**

	<b>30 June 2010</b>	<b>30 June 2009</b>
	<b>\$</b>	<b>\$</b>
Trade receivables	13,113	2,019
Prepayments	69,991	54,449
<b>Total trade and other receivables</b>	<b>83,104</b>	<b>56,468</b>

*Fair value*

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

The status of trade receivables as at 30 June 2010 and 30 June 2009 are detailed below:

	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
Not past due	12,261	1,202
Past due 1 – 30 days	852	817
Past due > 30 days	-	-
<b>Total trade receivables</b>	<b>13,113</b>	<b>2,019</b>

**Note 7 : Investments**

	30 June 2010 \$	30 June 2009 \$
<b>Current portion</b>		
<i>Held to maturity</i>		
Term deposits maturing in the following 12 months	3,412,536	4,289,645
<b>Non-current portion</b>		
<i>Held to maturity</i>		
Term deposits maturing in over 12 months	-	906,890
<b>Total investments</b>	<b>3,412,536</b>	<b>5,196,535</b>

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

***Maturity analysis and effective interest rates***

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

<b>Maturity</b>	<b>&lt;12 months</b>	<b>&gt;12 months</b>
<b>2010</b>		
Term deposits	3,412,536	-
Average maturity	405 days	-
Weighted average effective interest rate	4.55%	-
<b>2009</b>		
Term deposits	4,289,645	906,890
Average maturity	361 days	429 days
Weighted average effective interest rate	5.96%	3.56%

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

## Note 8 : Property, plant and equipment

	Leasehold improvements \$	Computer equipment \$	Festival equipment \$	Furniture & fittings \$	Office equipment \$	Total \$
<b>2010</b>						
At 1 July 2009						
Cost	113,508	124,717	329,236	89,602	64,049	721,112
Accumulated depreciation	(77,346)	(80,874)	(180,635)	(68,103)	(34,003)	(440,961)
<b>Net book value</b>	<b>36,162</b>	<b>43,843</b>	<b>148,601</b>	<b>21,499</b>	<b>30,046</b>	<b>280,150</b>
Additions	24,664	19,215	53,559	8,262	2,358	108,058
Disposals	(35)	(2,752)	(7,481)	(3,293)	(18,912)	(32,473)
Eliminate on disposal	34	2,309	3,484	3,293	18,872	27,992
Depreciation charge	(37,571)	(23,843)	(50,933)	(6,921)	(7,574)	(126,842)
<b>Closing net book value</b>	<b>23,254</b>	<b>38,772</b>	<b>147,230</b>	<b>22,840</b>	<b>24,790</b>	<b>256,886</b>
At 30 June 2010						
Cost	138,137	141,180	375,314	94,571	47,495	796,697
Accumulated depreciation	(114,883)	(102,408)	(228,084)	(71,731)	(22,705)	(539,811)
<b>Net book value</b>	<b>23,254</b>	<b>38,772</b>	<b>147,230</b>	<b>22,840</b>	<b>24,790</b>	<b>256,886</b>
<b>2009</b>						
At 1 July 2008						
Cost	109,893	110,723	247,282	79,274	37,722	584,893
Accumulated depreciation	(60,109)	(80,946)	(138,818)	(62,398)	(29,748)	(372,019)
<b>Net book value</b>	<b>49,784</b>	<b>29,777</b>	<b>108,464</b>	<b>16,876</b>	<b>7,974</b>	<b>212,874</b>
Additions	5,242	35,394	82,451	10,851	26,637	160,575
Disposals	(1,627)	(21,400)	(497)	(523)	(310)	(24,357)
Eliminate on disposal	-	19,770	342	523	310	20,945
Depreciation charge	(17,237)	(19,698)	(42,159)	(6,228)	(4,565)	(89,887)
<b>Closing net book value</b>	<b>36,162</b>	<b>43,843</b>	<b>148,601</b>	<b>21,499</b>	<b>30,046</b>	<b>280,151</b>
At 30 June 2009						
Cost	113,508	124,717	329,236	89,602	64,049	721,112
Accumulated depreciation	(77,346)	(80,874)	(180,635)	(68,103)	(34,003)	(440,961)
<b>Net book value</b>	<b>36,162</b>	<b>43,843</b>	<b>148,601</b>	<b>21,499</b>	<b>30,046</b>	<b>280,151</b>

**Note 9 : Intangible assets**

	30 June 2010 \$	30 June 2009 \$
<b>Software</b>		
<b>At 1 July</b>		
Cost	98,050	45,695
Accumulated amortisation	(51,466)	(40,912)
<b>Opening carrying value</b>	<b>46,584</b>	<b>4,783</b>
Additions	-	52,355
Disposals	(8,186)	-
Eliminate on disposal	8,186	-
Amortisation charge	(18,815)	(10,554)
<b>Closing carrying value</b>	<b>27,769</b>	<b>46,584</b>
<b>Balance at 30 June</b>		
Cost	89,864	98,050
Accumulated amortisation	(62,095)	(51,466)
<b>Closing carrying value</b>	<b>27,769</b>	<b>46,584</b>

**Note 10 : Trade and other payables**

	30 June 2010 \$	30 June 2009 \$
Trade payables	98,577	127,606
Grants payable	205,985	175,763
Revenue in advance	33,000	8,000
Accrued expenses	77,463	119,116
<b>Total trade and other payables</b>	<b>415,025</b>	<b>430,485</b>

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

**Note 11 : Employee entitlements**

	30 June 2010 \$	30 June 2009 \$
Accrued salary and wages	50,736	31,181
Annual leave	101,765	92,215
<b>Total employee benefit liabilities</b>	<b>152,501</b>	<b>123,396</b>

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



**Note 12 : Provisions**

	30 June 2010	30 June 2009
	\$	\$
<b>Non-current provisions</b>		
<i>Lease make good provision</i>		
Opening balance	95,966	90,366
Additional provisions made during the year	23,090	5,600
<b>Closing balance</b>	<b>119,056</b>	<b>95,966</b>

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

**Note 13 : Japan Fund**

	2010	2009
	\$	\$
<b>Balance at 1 July</b>	<b>602,003</b>	<b>600,370</b>
<b>Income</b>		
Interest apportioned	27,236	47,006
Donation from Nakashimoto Scholarship Foundation	26,500	26,500
<b>Total Income</b>	<b>53,736</b>	<b>73,506</b>
<b>Less: Expenditure</b>		
Grants awarded	29,500	38,975
Nakashimoto Scholarship grant awarded	25,000	25,000
Administration expenses	6,950	7,898
<b>Total Expenditure</b>	<b>61,450</b>	<b>71,873</b>
<b>Balance at 30 June</b>	<b>594,289</b>	<b>602,003</b>

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

**Note 14 : Mervyn Barnett Fund – Endowment Fund**

	2010	2009
		\$
<b>Balance at 1 July</b>	<b>51,299</b>	<b>48,159</b>
Interest apportioned	1,934	3,140
<b>Balance at 30 June</b>	<b>53,233</b>	<b>51,299</b>

This fund is for mutually agreed upon projects that relate to private sector links with the Asian region. Asia:NZ does not have the right to income from this fund and interest is apportioned to it each year. Asia:NZ takes a management charge of 10 percent of expenditure when the fund is allocated to a specific project.

**Note 15 : Korea Fund**

	2010 \$	2009 \$
<b>Balance at 1 July</b>	<b>800,954</b>	<b>783,867</b>
<b>Income</b>		
Interest apportioned	36,236	61,373
Grants returned	-	561
<b>Total Income</b>	<b>36,236</b>	<b>61,934</b>
<b>Less: Expenditure</b>		
Grants & scholarships	46,964	40,770
Management fee	4,896	4,077
<b>Total Expenditure</b>	<b>51,860</b>	<b>44,847</b>
<b>Balance at 30 June</b>	<b>785,330</b>	<b>800,954</b>

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

**Note 16 : Orion Fund**

	2010 \$	2009 \$
<b>Balance at 1 July</b>	<b>160,283</b>	<b>243,731</b>
<b>Expenditure</b>		
Japanese Teachers to New Zealand Programme (managed by Kansai NZ Centre, Japan)	30,017	30,035
NZ Rugby Camp Programme 2009 (managed by Kansai NZ Centre, Japan)	30,018	30,035
New Zealand Language Teachers to Japan Programme (managed by Asia:NZ)	36,723	21,253
Management fee paid to Asia:NZ	3,672	2,125
	<b>100,430</b>	<b>83,448</b>
<b>Balance at 30 June</b>	<b>59,853</b>	<b>160,283</b>

The fund is used for the promotion of people to people exchanges between New Zealand and the Kansai region of Japan. Asia:NZ is entitled to the interest on this fund. A management fee of 10 percent of the project costs of programmes managed by Asia:NZ staff is charged to the fund.

**Note 17 : Reconciliation of the net surplus from operations with the net cash flows from operating activities**

	2010 \$	2009 \$
<b>Net surplus/(deficit) from operations</b>	<b>(1,811,633)</b>	<b>12,023</b>
<b>Add/(less) non-cash items:</b>		
Depreciation	145,657	100,441
Fund management income	(14,019)	(12,600)
Increase lease provision	23,090	5,600
Donated assets income	(20,086)	-
Other non-cash items	(4,828)	3,640
<b>Total non-cash items</b>	<b>129,814</b>	<b>97,081</b>
<b>Add/(less) movements in working capital items:</b>		
Decrease/(increase) in receivables (incl interest)	(11,094)	8,369
Decrease/(increase) in prepayments	(15,543)	(19,409)
(Decrease)/increase in payables	(45,682)	20,114
(Decrease)/increase in grants payable	30,222	48,568
(Decrease)/increase in employee entitlements	29,106	32,172
(Decrease)/increase in GST liability	(46,659)	(86,166)
<b>Net working capital movements</b>	<b>(59,650)</b>	<b>3,648</b>
<b>Add/(less) Investing activities</b>		
Interest received	(265,356)	(423,139)
	<b>(265,356)</b>	<b>(423,139)</b>
<b>Add/(less) movements in funds managed:</b>		
Payments made on behalf of funds	(162,580)	(186,698)
Interest received on behalf of funds	65,406	111,519
Other income received on behalf of funds	29,000	28,000
<b>Net movement in funds managed</b>	<b>(68,174)</b>	<b>(47,179)</b>
<b>NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>(2,074,999)</b>	<b>(357,566)</b>

**Note 18 : Capital commitments and operating leases**

	30 June 2010	30 June 2009
	\$	\$
<b>Capital commitments</b>		
Festival equipment	1,370	-
<b>Operating leases as lessee</b>		
Not later than one year	209,077	263,340
Later than one year and not later than five years	24,076	226,892
<b>Total</b>	<b>233,153</b>	<b>490,232</b>

Operating leases include a photocopier lease and the office premises lease on both the Wellington and Auckland offices. The Auckland office lease became effective on 1 April 2008. This is a three year lease with two rights of renewal for a total of nine years. The Wellington office lease became effective on 1 April 2005, and is up for renewal on 31 March 2011. No new lease has been confirmed, the commitment above represents the current rental payable.

**Note 19 : Contingent Liabilities**

There were no contingent liabilities as at 30 June 2010 (2009 – Nil).

## Note 20 : Related party transactions

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

New Zealand Trade and Enterprise (NZTE) contributed \$70,000 as core sponsorship to Asia:NZ. Board member Tim Gibson is the chief executive officer of NZTE.

Fonterra Cooperative Group contributed \$25,000 as core sponsorship to Asia:NZ. Board member Henry van der Heyden is the chairman of Fonterra.

During the year a grant was made to Worser Bay School \$5,000 towards a new initiative of the education programme which provides funding to schools to support them becoming more Asia Aware. Director of Education, Vanessa Lee is represented on the board of trustees of Worser Bay School. Recommendations on this grant round were made by a panel including an external evaluator. Decisions on grants to this organisation are made by executive management.

<b>Key management personnel compensation</b>	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
Salaries and other short term employee benefits	945,431	917,888
<b>Total</b>	<b>945,431</b>	<b>917,888</b>

Key management personnel include the executive director, deputy executive director, five programme directors, the accountant and members of the Board of Trustees.

<b>Employee remuneration</b>	<b>2010</b>	<b>2009</b>
<b>Total remuneration paid</b>		
\$100,000 - 109,999	1	-
\$110,000 - 119,999	-	-
\$120,000 - 129,999	-	1
\$130,000 - 139,999	1	-
\$140,000 - 149,999	-	-
\$150,000 - 159,999	-	1
\$160,000 - 169,999	1	-
\$170,000 - 179,999	-	-
\$180,000 - 189,999	-	-
\$190,000 - 199,999	-	-
\$200,000 - 209,999	-	-
\$210,000 - 219,999	-	-
\$220,000 - 229,999	1	1

## Note 21 : Events after the balance date

There were no significant events after the balance sheet date.

## Note 22 : Financial instrument categories

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

	30 June 2010	30 June 2009
	\$	\$
<b>Financial assets</b>		
<i>Loans and receivables</i>		
Cash and cash equivalents	281,749	425,697
Trade and other receivables	83,104	56,468
	<hr/>	<hr/>
	364,853	482,165
<i>Held to maturity</i>		
Investments	3,412,536	5,196,535
<b>Financial liabilities</b>		
<i>Financial liabilities at amortised cost</i>		
Trade and other payables	415,026	430,485

## Note 23 : Financial instrument fair value hierarchy

Asia:NZ does not recognize any financial instruments at fair value (2009 – Nil).

## Note 24 : Financial instrument risks

Asia:NZ has a series of policies providing risk management for interest rates, operating and capital expenditures denominated in a foreign currency, and the concentration of credit.

Asia:NZ is risk averse and seeks to minimise exposure from its treasury activities. Its policies do not allow any transactions which are speculative in nature.

### Market Risk

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

#### *Fair value Interest rate risk*

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

#### *Cash flow interest rate risk*

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Asia:NZ currently has no variable interest rate investments (2009 – Nil).

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

#### *Currency risk*

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

#### *Sensitivity analysis*

As at 30 June 2010, if market interest rates had decreased by 50 basis points with all other variables held constant, the surplus for the year would have remained unchanged.

#### **Credit risk**

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

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

#### *Maximum exposure to credit risk*

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

	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
Cash and bank and Investments	3,693,935	5,622,232
Trade and other receivables	83,104	56,468
<b>Total</b>	<b>3,777,039</b>	<b>5,678,700</b>

#### *Credit quality of financial assets*

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

<b>Counterparties with credit ratings</b>	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
Cash at bank and Investments		
AAA	592,053	420,048
AA	2,343,470	4,152,918
AA-	758,412	1,048,862
<b>Total</b>	<b>3,693,935</b>	<b>5,621,828</b>

## Liquidity Risk

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

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

### *Contractual maturity analysis of financial liabilities*

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

	2010 \$	2009 \$
Trade and other payables		
Less than one year	415,026	430,485
<b>Total</b>	<b>415,026</b>	<b>430,485</b>

## Note 25 : Explanation of significant variance against budget

2009/10 was the second year of working towards the Asia:NZ outcomes in the new strategic plan.

### *Statement of comprehensive income*

There were variations to budget across all programme areas. Asia:NZ received assistance from many partner organisations, which resulted in overall savings against budget.

### *Statement of financial position*

As noted in the 2009/10 Estimates Vote for Foreign Affairs and Trade, Asia:NZ budgeted to draw down up to \$2,000,000 from accumulated funds.

The variance in investment balances against budget is due to changes in the classification criteria made in 2008/09, following completion of the budget.



## ORGANISATION INFORMATION

### Patron of Asia:NZ

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

### Board of Trustees

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