



Chartered
Governance
Institute



**Governance
New Zealand**

The Corporate Conscience™



GOVERNANCE NEW ZEALAND INCORPORATED

ANNUAL REPORT **2020**

Notice of Annual General Meetings

The New Zealand Division of The Chartered Governance Institute



AGM

PROGRAMME

The Programme for the evening of Tuesday 24 November 2020 at the offices of Governance New Zealand Inc, Level 2, 44 Anzac Avenue, Auckland Central commences with the National AGM's followed by the local Branch AGM, this year being that of the Auckland Branch.

5.30pm Coffee and tea on arrival

6.00pm The New Zealand Division of The Chartered Governance Institute
("New Zealand Division") Annual General Meeting

6.15pm Governance New Zealand Incorporated Annual General Meeting

6.30pm Auckland Branch Annual General Meeting and Certificate Presentations

The evening will conclude with a networking and social function including refreshments. As there will be catering for the evening, we would appreciate advice of proposed attendances to:

E info@governancenz.org

W www.governancenz.org

P +64 (9) 377 0130

Governance New Zealand Incorporated
Level 2, 44 Anzac Avenue, Auckland
PO Box 444, Auckland 1140, New Zealand

NOTICE OF ANNUAL GENERAL MEETING OF THE NEW ZEALAND DIVISION

The 2020 Annual General Meeting of the New Zealand Division will be held at the offices of Governance New Zealand Inc, Level 2, 44 Anzac Avenue, Auckland Central at 6.00pm on Tuesday 24 November 2020.

ORDINARY BUSINESS

To consider the following:

1. Receive and consider a verbal report from the Committee for New Zealand of the activities of the Committee and the affairs of the New Zealand Division for the past financial year.
2. Receive and consider the Annual Report of Governance New Zealand Inc, to the Committee for New Zealand and to present this report to Members.
3. Note the retirement of Committee member:
 - > Warwick Pettigrew FCG FGZ of New Plymouth
4. Confirm retirement and re-election of Northern Electoral Representative.
 - > Siddhartha Sharma FCG FGZ of Auckland

As the number of persons nominated corresponded exactly with the number of vacancies, there is no requirement to conduct an election and the nominee is deemed appointed to membership of the Committee for New Zealand.

5. Confirm the election of the Central Electoral Representative.
 - > Shane Bidois FCG FGZ of Wellington

As the number of persons nominated corresponded exactly with the number of vacancies, there is no requirement to conduct an election and the nominee is deemed appointed to membership of the Committee for New Zealand.

6. Announce the appointment by the Committee of
 - > President for the 2021 year
 - > Vice-President for the 2021 year
 - > Treasurer for the 2021 year
7. Reports on Affairs, Performance Report and Appointment of Auditor:

Pursuant to Clause 6.2 of the Service Agreement dated 14 November 2003 between the Committee for New Zealand and Governance New Zealand Inc., the Committee for New Zealand has sub-delegated to Governance New Zealand Inc. certain activities, tasks and responsibilities with respect to the management and administration of the affairs of the New Zealand Division and the Committee for New Zealand including the appointment of the auditor and the completion of an audit. Governance New Zealand Inc. reports on those matters in its accompanying 2020 Annual Report.
8. Minutes of the Annual General Meeting:

Authorise the Committee to approve the minutes of the Annual General Meeting of the New Zealand Division.

9. General Business:

Pursuant to Rule 10.4 of the Committee for New Zealand, a Member wishing to bring any motion before the meeting shall give written notice to the Chief Executive on or before 60 days prior to the date of the meeting. No such motion shall come before any meeting unless notice has been so given. No other business shall be considered unless the same is specified in the notice convening the meeting.

The following item of general business was received:

- > Thought Leadership as an evolving direction of endeavour for the New Zealand Division of The Chartered Governance Institute, both locally and internationally.

If you cannot attend the meeting, please complete the proxy form for the New Zealand Division of The Chartered Governance Institute Annual General Meeting - Ordinary Business on page 31 of the 2020 Annual Report.

SPECIAL BUSINESS

1. Receive and consider the election of The Chartered Governance Institute (CGI) Council Member (sometimes referred to as International Representative) pursuant to Byelaw 44.1 (a) (i) of the CGI Charter & Byelaws 2019.

The New Zealand Division is entitled to appoint one eligible Fellow who lives in the Division. Being duly nominated by the Members in terms of Byelaw 47.1 (b) as a Council Member effective for a three-year Byelaw 48.1 term commencing 1 January 2021 Byelaw 47.1 (d).

The nominees for CGI Council Member are:

- > Coral Ingley FCG FGZ of Auckland
- > Denis Mowbray FCG FGZ of Christchurch

As the number of persons nominated exceeds the number of vacancies, an election is required. Candidate information can be found on page 30.

If you cannot attend the meeting, please complete the proxy form for the New Zealand Division of The Chartered Governance Institute Annual General Meeting - Special Business on page 32 of the 2020 Annual Report.

By order of the Board



Linda Noble
Secretary
23 OCTOBER 2020



NOTICE OF ANNUAL GENERAL MEETING OF GOVERNANCE NEW ZEALAND INCORPORATED

The 2020 Annual General Meeting of Governance New Zealand Incorporated will be held at the offices of Governance New Zealand Inc, Level 2, 44 Anzac Avenue, Auckland Central at 6.15pm on Tuesday 24 November 2020.

ORDINARY BUSINESS

To consider the following:

1. Receive the President's and Chief Executive's Reports, and the audited Performance Report of Governance New Zealand for the year ended 30 June 2020
2. Authorise the Board to appoint an auditor for the ensuing year
3. Announce Board composition for 2021

In terms of Rule 9.2 of Governance New Zealand Inc, the Board shall comprise all the members of the Committee for New Zealand, the Immediate Past President of the Division and the International Council Representative.

4. Authorise the Board to approve the minutes of the Annual General Meeting

If you cannot attend the meeting, please complete the proxy form for Governance New Zealand Incorporated Annual General Meeting on page 33 of the 2020 Annual Report.



By order of the Board

Linda Noble

Secretary

23 OCTOBER 2020



CONTENTS

President's Report	6
Chief Executive's Report	8
Corporate Governance Statement	10
Committees of the Board	12
Independent Auditor's Report	14
Statement of Financial Responsibility	16
Governance New Zealand Inc. Performance Report	17
Entity Information	17
Statement of Service Performance	18
Statement of Financial Performance	20
Statement of Financial Position	21
Statement of Cash Flows	22
Statement of Accounting Policies	23
Notes to the Financial Statements	24
Membership	28
Membership Certificate Presentations	29
International Representative on CGI Council	30
The New Zealand Division of CGI Proxy Form - Ordinary Business	31
The New Zealand Division of CGI Proxy Form - Special Business	32
Governance New Zealand Inc. Proxy Form	33



PRESIDENT'S REPORT 2020

Dear Governance New Zealand Members

As I write this President's report for the 2019/20 year, Auckland has moved out of its Level 2.5 to a more manageable Level 2 with the rest of New Zealand existing in Level 1. Under normal circumstances, Aucklanders would enjoy being one level higher than the rest of New Zealand but these are not usual times. Our borders are effectively shut, large sections of the community have had their lives changed irrevocably. Sectors of the business community are suffering significantly, while others are enjoying excellent returns. All of which made our annual conference theme 'Triumph Over Adversity' even more pertinent.

Reflecting on the past year and in particular the last six months, it is right to say that these have been some of the most trying times that I can recall. The boards and executives of businesses, large and small, have had to deal with uncertainty of the likes we have not experienced before. From managing a thriving business one week, to being given two days' notice of your imposed shut down, uncertain of when or how you may open again. Surviving the closure, opening again, only to be shut once more. Some have lost everything or been taken to the brink of failure. These times have tested the skills, fortitude, calm and experience of boards and directors.

Having lived through, and hopefully survived these onslaughts, you will know if your board added value or was valueless. Because when all is said and done, that is what lies at the heart of governance and a board's role, to add value to the enterprise/business, however you measure value.

Governance New Zealand also faced difficult times in the latter half of the 2019-20 year. However, through the hard work of the board, executive and staff, we are emerging out of these times with a clearer understanding of what we must do to both grow the membership and increase Governance New Zealand's influence both locally and internationally.

Our strategy over the coming years will focus on four pillars: Members, Branches, Education and Thought Leadership. You, our members, must be at the core of everything we do. I know we have not been as attentive and reactive to your needs as we could have been. This will change. It is my belief that our influence and growth is directly relational to how well we offer what you, our members and students, need to enhance your skills and knowledge so you can add value to the organisations you govern or work within.



Our Branch network is the lynchpin in maintaining our contact with you and understanding what is important to you. It is a strategic imperative that we focus on branch development and growth. The focus on education will include the redevelopment of work covered by the Education & Professional Standards Committee which includes greater engagement and oversight of our short courses and workshops. While Thought Leadership means leading and facilitating the development of articles and papers from respected voices within New Zealand on topics which will impact or influence the future of governance. Finally, Women on Boards (WoB), we must continue our work to lift WoB's profile and activities. Our Women in Governance Awards programme is already successful, but we must work hard to increase its profile and reach further.

My focus is on making Governance New Zealand an organisation which, while maybe not the biggest, is the leader in the provision of internationally recognised qualifications within New Zealand while also being a thought leader and influential voice within the governance sector.

In closing, I would like to thank the Board and Branch Chairs for their continued commitment and contributions and the staff for their hard work and commitment over the last year. I wish you all the very best for the coming year. Stay well and stay safe.



Denis Mowbray FCG FGNZ

President

23 OCTOBER 2020

*Māori welcome to open the 2019
International Annual General Meeting
hosted in Auckland by the NZ Division.*





CHIEF EXECUTIVE'S REPORT 2020

STATEMENT OF SERVICE PERFORMANCE

The Statement of Service Performance Report on Page 18 reflects our Strategic Plan and succinctly captures the activities of 2019/20. This, along with the financial information, provides Members with details of the undertakings of Governance New Zealand Inc. which have raised awareness of the importance of good governance in New Zealand.

CHAMPIONING EXCELLENCE IN GOVERNANCE

Governance New Zealand continues to promote excellence in governance through its website and social media presence on LinkedIn, Twitter and Facebook.

Our growing reputation as being the go-to organisation for all things governance-related is evidenced by requests for comment by the media on diversity matters, invitations to present at conferences and events, the call to make submission on ISO 37000 (specifically where it concerned good governance practices), and opportunities to participate in governance focussed working groups.

We acknowledge the commitment to championing excellence in governance of Chris Luoni FCG, Past President & International Representative who sadly passed away earlier this year.

MEMBERSHIP AND THE INTERNATIONAL QUALIFICATION PROGRAMME

Increasingly our senior members are retiring which creates a natural attrition of membership that has resulted in a drop in membership income. However, interest in the Chartered Secretary and Chartered Governance Professional qualifications remains strong. This is substantiated by the increase in income from the student education programme.



PROFESSIONAL DEVELOPMENT AND EVENTS

While the financial reports show a decrease in overall event income, this is due in the main to the cancellation of the 2020 Women in Governance Awards programme due to Covid-19.

However, much of this was clawed back through the increase in our short course offerings which were pivoted to online delivery in 2020. This initiative has ensured that the programme has not only sustained revenue, but that Governance New Zealand has maintained its reputation as the primary provider of governance training which is cost effective, practical and applicable across all industry sectors.

STRATEGIC ALLIANCES

The increase in Other Income is primarily due to the growth in strategic alliances through sponsorship linked to the National Governance Conference held in October 2019. This first-class event showcased the New Zealand Division as it coincided with our hosting of the CGI Council meeting.

NATIONAL VOLUNTEER NETWORK

The Board and staff at National Office acknowledge and appreciate the continued support of Branch and National Committees. Without the many volunteers throughout New Zealand we would not be able to deliver courses, events and networking opportunities to our wider membership.

FINANCIAL PERFORMANCE

Although we report a loss for the 2020 year of \$8,164 (2019: \$20,810; 2018: \$39,530; 2017: \$70,804), it is pleasing to see the investment made by the Board into rebuilding this organisation is promulgating annual loss decreases. This is particularly significant in a year which has seen Covid-19 take a toll on many organisations and is a credit to the whole Governance New Zealand team.

While 2020 returned an operating deficit, Members' net assets remain high at \$980,927.

LOOKING FORWARD

There are many positive indications that Governance New Zealand is on an upward progression and that future growth and renewal will occur over the next five years.

We continue to be New Zealand's leading independent professional membership body with a sole focus on the practice of governance. In order to remain sustainable, Governance New Zealand will continue to diversify its revenue streams.

This will be achieved by increasing our influence in the market, broadening our training and development offering, increasing the recognition of our internationally portable qualification, strengthening our branch network and expanding our strategic alliances.

With this focus, Governance New Zealand will remain relevant to current members and highly attractive to prospective members which will set us apart from the competition.

Linda Noble
Chief Executive
23 OCTOBER 2020



*Governance NZ promotional stand
at the 2019 ILANZ Conference.*

CORPORATE GOVERNANCE STATEMENT

Governance New Zealand Incorporated is the New Zealand Division of The Chartered Governance Institute.

Governance New Zealand Inc. is dedicated to providing leadership in the areas of governance, compliance and risk management. Members enjoy global recognition and are supported through ongoing professional development, advocacy and technical updates to advance best international and national governance practices and standards.

ETHICAL STANDARDS

The Governance New Zealand Inc. Board, Committees and staff abide by an adopted Code of Ethics summarising the basic principles of legal and ethical conduct expected of these members and staff representing this governance organisation.

BOARD COMPOSITION

The Governance New Zealand Inc. Board comprises all the members of the Committee for New Zealand of The Chartered Governance Institute.

Election of Members to the Board is divided into three electoral areas;

Northern electoral area	3 Board Members
Central electoral area	2 Board Members
Southern electoral area	2 Board Members

The rules of the Committee also allow for an ex officio position (Immediate Past President).

INTERNATIONAL COUNCIL REPRESENTATIVE

In accordance with Rule 44 of The Chartered Governance Institute Charter and Byelaws, the New Zealand Division can elect one Fellow to be representative to the International Council for a period of three years. The Council Representative must act in the interest of the membership as a whole and abide by the international code of ethics.

BOARD ROLES AND RESPONSIBILITIES

The Board is responsible for the strategy of Governance New Zealand Inc. to be the preeminent professional organisation for Chartered Secretaries and Chartered Governance Professionals in New Zealand. This is achieved by providing guidance in matters of corporate governance, providing individuals with the educational programme to qualify as a Chartered Secretary and/or Chartered Governance Professional, and representing the interests of members.

The Board has responsibility for the affairs and activities of the organisation, which in practice is achieved through delegation to the Chief Executive to undertake the day to day management of the organisation.

Every year the Board reviews and approves the one year operating and capital budgets for Governance New Zealand Inc.

There are currently no Executive Board Members.

COMMITTEES

To enhance its effectiveness in key areas, the Board has made use of Committees and has delegated certain responsibilities to each Committee. Presently there are the following Committees:

- › **Assessment Review Panel** who are appointed by the Education & Professional Standards Committee to take responsibility for the quality and standard of the qualifying examination scheme.
- › **Audit, Risk & Finance Committee** who determine that the Board is complying with all legislation and regulation in regard to its financial reporting.
- › **Branch Committees** who look after the interests of the members in their respective areas and organise Branch events.
- › **Education & Professional Standards Committee** who ensure the Professional Education Programme operates in accordance with the International Standard.
- › **Membership & Admissions Committee** who consider applications for Associate and Fellow status and make recommendations to the Committee for New Zealand.
- › **National Appeals Tribunal** who hear appeals from the Disciplinary Tribunal.
- › **National Disciplinary Tribunal** who hear cases against a member and determine if the complaint should be upheld, and who set any appropriate penalty.
- › **National Investigation Committee** who determine if a complaint against a member should be heard at a Disciplinary Tribunal.
- › **Women on Boards Executive Committee** who are responsible for advising the Committee for New Zealand on all activities related to the Women on Boards membership.



CE Linda Noble manning the Governance NZ promotional stand at the 2019 ILANZ Conference.



Hayley Denoual, top student award recipient Semester 2, 2019 and Semester 1, 2020.



New Associate, Julian Benefield receives his certificate from Auckland Branch Committee Member, Siddhartha Sharma at the 2019 AGM.

From time to time, the Board may create ad hoc committees to examine specific issues on behalf of the Board. The Committee Members are appointed by the Board.

REPORTING & DISCLOSURE

The Board is responsible for ensuring integrity both in financial reporting and in the disclosures of entity affairs. The Chief Executive reports in writing to the Board and the auditors that the financial statements of Governance New Zealand Inc. present a true and fair view of the Division's financial condition and operating results.

AUDITORS

The Board confirms the quality and independence of the external audit process by reviewing the scope of the audit, level of fees and performance and confirming routine rotation of the Partner and staff conducting the audit.

REMUNERATION

A programme of regular performance appraisals and objective setting for management and staff is in place.

The Board reviews and approves the remuneration of management and staff.

Board Members do not receive remuneration, but Governance New Zealand Inc. pays for travelling, and accommodation of Board Members when required, for attending any Board, Committee or Council meeting.

INSURANCE

The Governance New Zealand Inc. Rules allow for the payment of Director and Officer Insurance for its Board Members against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of a Board Member of Governance New Zealand Inc. (unless conduct was a wilful breach of duty).

Committee for New Zealand and Board 2020

President	Denis Mowbray FCG FGNZ
Vice President	Julie Hardaker FCG FGNZ
Treasurer	Joy Tracey FCG FGNZ
Board	Warwick Pettigrew FCG FGNZ Kathryn Reid FCG FGNZ Siddhartha Sharma FCG FGNZ Paul Town FCG FGNZ
Past President	Rosanne Hawarden FCG FGNZ
International Council Representative	Chris Luoni FCG FGNZ
Chief Executive and Secretary	Linda Noble
Auditors	RSM Hayes Audit
Bankers	Bank of New Zealand Kiwibank

Committees of the Board 2020

ASSESSMENT REVIEW PANEL

- > Theunie Rushmer-Wiid FCG FGNZ | **Chair**
- > Averill Dickson FCG FGNZ
- > Navjyot Singh ACG AGNZ
- > Giles Brooker FCG FGNZ
- > Jim Harknett FCG FGNZ

AUDIT, RISK & FINANCE COMMITTEE

- > Joy Tracey FCG FGNZ | **Chair**
- > Warwick Pettigrew FCG FGNZ
- > Siddhartha Sharma FCG FGNZ

EDUCATION & PROFESSIONAL STANDARDS COMMITTEE

- > Andy Godfrey FCG FGNZ | **Chair**
- > Rowena Bowman FCG FGNZ
- > Theunie Rushmer-Wiid FCG FGNZ
- > Giles Brooker FCG FGNZ
- > Siddhartha Sharma FCG FGNZ
- > Stuart Burns FCG FGNZ

MEMBERSHIP & ADMISSIONS COMMITTEE

- > David Mairs FCG FGNZ | **Chair**
- > Chris Luoni FCG FGNZ
- > Paul Kane FCG FGNZ

NATIONAL APPEALS TRIBUNAL

- > Paul Kane FCG FGNZ | **Chair**
- > Jim Harknett FCG FGNZ
- > Kate Reid FCG FGNZ

NATIONAL DISCIPLINARY TRIBUNAL

- > Paul Kane FCG FGNZ | **Chair**
- > Denis Mowbray FCG FGNZ
- > Joy Tracey FCG FGNZ

NATIONAL INVESTIGATION GROUP

- > Kerry Heath FCG FGNZ | **Chair**
- > Devendra Oza FCG FGNZ
- > John Horsley FCG FGNZ
- > Julie Hardaker FCG FGNZ

WOMEN ON BOARDS COMMITTEE

- > Julie Hardaker FCG FGNZ | **Chair**
- > A.J. Millward WOB SUBSCRIBER
- > Jayne Atherton ACG AGNZ
- > Prabhavathi Ravi WOB SUBSCRIBER

Branch Committees 2020

AUCKLAND

Chair	Jayne Atherton ACG AGNZ
Secretariat	National Office
Committee	Kevyn Botes FCG FGNZ Robyn Cory-Wright ACG AGNZ Amber Oram FCG FGNZ Fraser Park FCG FGNZ Siddhartha Sharma FCG FGNZ

CENTRAL DISTRICTS

Chair	Lee Simpson FCG FGNZ
Secretariat	Fiona Turner ACG AGNZ
Committee	Sandra Anderson FCG FGNZ Linda Gray FCG FGNZ Barrie Jorgensen ACG AGNZ

WELLINGTON

Chair	Shane Bidois FCG FGNZ
Committee	Hayley Denoual STUDENT Devendra Oza FCG FGNZ Gavin Sutherland ACG AGNZ Lola Toppin-Cassery SUBSCRIBER Joy Tracey FCG FGNZ

CANTERBURY

Chair	Kim DeGarnham FCG FGNZ
Committee	Jodie Flowerday ACG AGNZ Brian Loughhead ACG AGNZ Tallat Mehmood ACG AGNZ Todd Stevenson ACG AGNZ

OTAGO/SOUTHLAND

Chair	Phillip Trounson FCG FGNZ
Committee	Fergus Sime FCG FGNZ Murray Venables ACG AGNZ Rosemary Watson FCG FGNZ



INDEPENDENT AUDITOR'S REPORT



To the members of Governance New Zealand Incorporated

OPINION

We have audited the performance report of Governance New Zealand Incorporated (the incorporated society), which comprises:

- the entity information;
- the statement of service performance;
- the statement of financial position as at 30 June 2020;
- the statement of financial performance for the year then ended;
- the statement of cash flows for the year then ended; and
- the statement of accounting policies and notes to the performance report.

In our opinion:

- a) the reported outcomes and outputs, and quantification of the outputs to the extent practicable, in the statement of service performance are suitable;
- b) the performance report on pages 17 to 27 presents fairly, in all material respects:
 - the entity information for the year ended 30 June 2020;
 - the service performance for the year ended 30 June 2020, and
 - the financial position of the entity as at 30 June 2020, and its financial performance and cash flows for the year then ended,

in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit).

BASIS FOR OPINION

We conducted our audit of the statement of financial performance, statement of financial position, statement of cash flows, statement of accounting policies and notes to the performance report in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)), and the audit of the entity information and statement of service performance in accordance with the International Standard on Assurance Engagements (New Zealand) ISAE (NZ) 3000 (Revised). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the performance report* section of our report.

We are independent of the incorporated society in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other than in our capacity as auditor we have no relationship with, or interests in, the incorporated society.

OTHER INFORMATION

The board is responsible for the other information. The other information comprises of pages 2 to 16 and pages 28 to 35

(but does not include the performance report and our auditor's report thereon), which we obtained prior to the date of this auditor's report. Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

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

RESPONSIBILITIES OF EXECUTIVE COMMITTEE FOR THE PERFORMANCE REPORT

The board is responsible, on behalf of the entity, for:

- a) Identifying outcomes and outputs, and quantifying the outputs to the extent practicable, that are relevant, reliable, comparable and understandable, to report in the statement of service performance;
- b) the preparation and fair presentation of the performance report which comprises:
 - the entity information;
 - the statement of service performance, and
 - the statement of financial performance, statement of financial position, statement of cash flows, statement of accounting policies and notes to the performance report in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit) issued in New Zealand by the New Zealand Accounting Standards Board, and
- c) for such internal control as the board determine are necessary to enable the preparation of the performance report that is free from material misstatement, whether due to fraud or error.

In preparing the performance report, the board is responsible, on behalf of the incorporated society, for assessing the incorporated society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board either intend to liquidate the incorporated society or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE PERFORMANCE REPORT

Our objectives are to obtain reasonable assurance about whether the performance report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and ISAE (NZ) 3000 (Revised) will always detect a



material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this performance report.

As part of an audit in accordance with ISAs (NZ) and ISAE (NZ) 3000 (Revised), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the performance report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the board members and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the performance report or, if such disclosures are inadequate, to modify our opinion. Our conclusions

are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the society to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the performance report, including the disclosures, and whether the performance report represents the underlying transactions and events in a manner that achieves fair presentation.
- Perform procedures to obtain evidence about and evaluate whether the reported outcomes and outputs, and quantification of the outputs to the extent practicable, are relevant, reliable, comparable and understandable.

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

WHO WE REPORT TO

This report is made solely to the members, as a body. Our audit has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the incorporated society and the members as a body, for our work, for this report, or for the opinions we have formed.

RSM

RSM Hayes Audit

Auckland
23 OCTOBER 2020

STATEMENT OF FINANCIAL RESPONSIBILITY

FOR THE YEAR ENDED 30 JUNE 2020

The Board is responsible for ensuring that the financial statements present fairly the financial position of Governance New Zealand Inc for the year ended 30 June 2020 and its financial performance for the year ended on that date.

The Board Members consider that the financial statements of Governance New Zealand Inc. have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates and that all relevant financial reporting and accounting standards have been followed.

The Board believes that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of Governance New Zealand Inc.

The Board considers that it has taken adequate steps to safeguard the assets of Governance New Zealand Inc. and to prevent and detect fraud and other irregularities.

The Board has pleasure in presenting the financial statements and associated notes, set out on pages 17-27 for the year ended 30 June 2020.

The Board of Governance New Zealand Inc. authorised these financial statements for issue on 23 October 2020.



A blue ink signature of Denis Mowbray.

Denis Mowbray FCG FGNZ
Chairperson
23 OCTOBER 2020



A blue ink signature of Joy Tracey.

Joy Tracey FCG FGNZ
Treasurer
23 OCTOBER 2020

GOVERNANCE NEW ZEALAND INC. PERFORMANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2020

Entity Information

Legal Name	Governance New Zealand Incorporated
Type of Entity	Incorporated Society
Company Registration Number:	5377581
Incorporated Society Number	IS 223312
Physical Address	Level 2, 44 Anzac Avenue, Auckland Central, 1010
Postal Address	PO Box 444, Shortland Street, Auckland Central 1140
Telephone	09 377 0130
Email	info@governancenz.org
Website	www.governancenz.org
LinkedIn	Governance New Zealand LinkedIn

Governance New Zealand Inc. is New Zealand's leading independent professional body with a sole focus on the practice of good governance and is dedicated to providing leadership in the areas of governance, compliance and risk management by:

- › supporting all business sectors with professional resources and best practice guidance
- › keeping members updated on new developments in the areas of corporate governance, company secretarial practice and company law
- › delivering education, training and support for practicing Chartered Secretaries and Chartered Governance Professionals, governance advisers, senior executives, risk managers, and directors to drive responsible performance in their organisations
- › providing an internationally recognised qualification framework and professional education pathway to qualify as a Chartered Secretary and/or a Chartered Governance Professional
- › ensuring members abide by the Governance New Zealand Inc. Code of Professional Ethics and Conduct

VISION

“Good governance makes great organisations”

Being the professional home for all governance professionals; senior executives, company secretaries and directors involved in efficient and effective governance, compliance and risk management.

PURPOSE

“To develop excellence in governance professionals”

To be the foremost body in New Zealand setting governance standards and enhancing the professional skills and ethics of members and governance professionals to promote efficient and effective corporate management and governance.

Governance New Zealand Inc. is committed to:

- performing a leadership role in assisting its members and their organisations to implement and maintain sound and ethical practices in the management and governance of companies and other organisations
- promoting a greater awareness of Governance New Zealand Inc. to leaders in business and politics and to members and potential members
- helping members, by effective management of Governance New Zealand Inc., to attain and maintain levels of management and ethical practices to the highest world standards
- establishing and maintaining services for members including networking, education and efficient branch structures which provide tangible membership benefits
- actively promoting the elevation of women in senior leadership and board roles through the activities of Women on Boards New Zealand

PRIMARY SOURCE OF CASH AND RESOURCES

The primary source of cash and resources of Governance New Zealand Inc. is membership fees. Other funds are raised through the provision of professional development e.g. Professional Education Programme, conferences, seminars, workshops and events.

Members give freely of their time at a governance level. This includes the Committee for New Zealand and the Board, Committees of the Board, and Branch Committees, as listed on pages 12-13.

STATEMENT OF SERVICE PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2020

The outcomes of Governance New Zealand Inc. include:

- › promoting excellence in governance, compliance and risk management
- › growing membership and increasing member and community engagement
- › delivering qualifications and training that is current, flexible and internationally recognised
- › developing and growing sustainable revenue streams
- › formalising alliances with complementary organisations
- › elevating women in governance

GOVERNANCE NEW ZEALAND OUTPUTS

ACTIVITY	TARGET	RESULT
Champions Promote excellence in governance, compliance and risk management	<ul style="list-style-type: none"> › Raise brand awareness through an interactive website. › Generate a media presence on topics related to governance and diversity. › Increase social media presence. › Government agencies are reminded on the importance of good governance. › Seek speaking opportunities and attend events that raise profile. › Market the Professional Education Programme (PEP). › Promote good governance practices to tertiary and other education bodies. 	<ul style="list-style-type: none"> › Website regularly updated. Web traffic monitored and results reported to the Board. Increased activity on all pages. › Interviewed by Radio NZ for comment regarding the NZX Diversity Statistics Report. › Actively posted in LinkedIn and Facebook Groups. Twitter #tags used for event marketing. › Participated in Governance Innovation Lab Working Group that aims to improve diversity on state sector boards. › Presented submission on ISO37000 in relation to key governance guidance principles. › Speaking engagements delivered, both locally and internationally including to FMA, Drug Free Sport, Innovative Travel, Diligent Conference. › Demonstrated good governance through the appointment of an intern from the PEP to the Governance New Zealand Board. › Provided top student prizes for the Law Faculty at the University of Waikato.
Membership Grow membership and increase member and community engagement	<ul style="list-style-type: none"> › Members actively use and see the benefit of their New Zealand membership status and related post nominals, as well as the international portability of the qualification. › Continually add value to members through a member benefits programme. › Deliver an annual National Governance Conference. › Maintain the Branch Network and build capability in the Branches to be self-managing. › Participate in international initiatives. › Share resources with other Divisions. 	<ul style="list-style-type: none"> › Associate and Fellow membership certificates presented to new members at AGM's. › Membership long service is recognised and celebrated at AGM's. › Members Benefits app was developed and made available to all members, offering discounts with multiple suppliers as well as being a vehicle to promote Governance New Zealand events. › National and international delegates attended the National Governance Conference in October 2019. › In 2019, Auckland Branch delivered three (3) events, Central Branch delivered one (1) event, Wellington Branch delivered two (2) events, and Canterbury Branch delivered three (3) events. › Due to Covid-19 and subsequent lockdown, no branch events were held after 23 March 2020. › Hosted the international representatives that attended the CGI Council Meeting in Auckland. › Hosted the Divisional Chief Executives meeting in Auckland. › Represented on CGI Thought Leadership Group to deliver two (2) new best practice resources made available on the Governance New Zealand website.



New Associate Member Jayne Atherton ACG receives her certificate from Auckland Branch Committee Member Siddhartha Sharma FCG at the 2019 Auckland Branch AGM.



New Fellow Fraser Park FCG receives his certificate from Auckland Branch Committee Member Siddhartha Sharma FCG at the 2019 Auckland Branch AGM.

ACTIVITY	TARGET	RESULT
International Qualifications Deliver qualifications and training that is current, flexible and internationally recognised	<ul style="list-style-type: none"> › Meet the CGI professional standards for accreditation. › Courseware meets the new international curriculum. › Maintain the number of students studying the Professional Education Programme. › Develop marketing collateral for the Professional Education Programme. › Set and administer assessment programme. 	<ul style="list-style-type: none"> › Achieved CGI accreditation of the professional education programme for a period of two (2) years. › Developed the courseware for the new Enterprise Risk Management Module. › An equal number of students studied the programme in the 2019-20 year as did in the 2018-19 year. › Collateral was regularly updated and available at all events. › Semester 2 2019 examinations held in 6 exam centres across New Zealand and 3 overseas exam centres. › Semester 1 2020 all examinations moved to an online portal due to Covid-19 and lockdown restrictions.
Financial Develop and grow sustainable revenue streams	<ul style="list-style-type: none"> › Grow CPD income through the development and delivery of an annual calendar of half day governance related courses nationwide. › Members are current with their professional development. › Create on-line videos of governance related learning. 	<ul style="list-style-type: none"> › Prior to lockdown, delivered face-to-face half day courses on governance related topics throughout New Zealand i.e. two (2) in Auckland, two (2) in Wellington, one (1) in Christchurch. › Developed and delivered 3-day Effective Directors Series. › Post lockdown, pivoted the programme to be delivered online and delivered seven (7) half day courses on governance related topics via Zoom. › Two new videos were created and available for sale i.e. Getting Board Ready and Governance, Boards and Directorships.
Strategic Alliances Formalise alliances with complementary organisations	<ul style="list-style-type: none"> › Develop relationships with like-type organisations for mutual benefit. › Maintain a Business Partner Programme. 	<ul style="list-style-type: none"> › Network of 10 membership bodies met to discuss sector issues. › Created partnerships with organisations that represent a cross section of industries to deliver benefits and achieve strategic objectives.
Achieve Equality Elevate women in governance	<ul style="list-style-type: none"> › Promote diversity to organisations through networking opportunities. › Run the 2020 Women in Governance Awards programme and increase nominations received over previous year. 	<ul style="list-style-type: none"> › Networking events held in November 2019 in Auckland, Hamilton, Wellington and Christchurch. › Due to Covid-19 and subsequent lockdown, the Women in Governance Awards programme was not held in 2020. › All sponsors remained on-board and committed to participating in 2021.

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020 (\$)	2019 (\$)
INCOME – NATIONAL OFFICE			
Members subscriptions	2	209,092	225,744
Student examinations and registrations		100,455	93,018
Interest income		2,789	3,434
Rental income		41,250	45,000
Events		75,851	79,084
Other Income		47,155	30,177
TOTAL INCOME		476,592	476,457
EXPENSES – NATIONAL OFFICE			
Members' services		6,891	5,946
Events		28,914	39,005
Accommodation costs		35,499	37,943
Board and committee costs		12,308	9,478
International affairs costs		3,870	13,201
Executive, secretarial & administration salaries		258,523	255,846
General administration		39,556	48,610
Audit fee		7,737	9,000
Depreciation		17,638	18,558
Amortisation		8,826	7,657
Advertising and promotion		19,968	21,865
Student expenses		44,015	34,250
TOTAL EXPENSES		483,745	501,359
OPERATING (DEFICIT) BEFORE OTHER ITEMS		(7,153)	(24,902)
Interest earned on Vera Halligan Charitable Trust Funds		-	483
Expenses incurred for Vera Halligan Charitable Trust Funds		-	-
Operating Surplus/(Deficit) of Branches	3	(1,011)	3,609
OPERATING (DEFICIT) BEFORE INCOME TAX		(8,164)	(20,810)
Income Tax Charge	4	-	-
(DEFICIT) FOR THE YEAR		(8,164)	(20,810)

STATEMENT OF FINANCIAL POSITION

AS AT THE YEAR ENDED 30 JUNE 2020

	NOTE	2020 (\$)	2019 (\$)
MEMBERS FUNDS			
General Funds – National Office, Branches and Product Development	5	742,745	750,909
Asset Revaluation Reserve	1	229,013	229,013
Education Promotional Fund	5	9,169	9,169
TOTAL FUNDS		980,927	989,091
Represented by:			
CURRENT ASSETS			
Cash and cash equivalents		81,715	40,059
Short-Term Investment		77,637	75,062
Interest accrued		152	750
GST refund due – National Office		1,318	2,598
Debtors and receivables		25,559	10,716
Vera Halligan Trust Funds (cash and cash equivalent)	8	32,048	30,637
Trustees Executors Limited – Winton and Margaret Bear Charitable Trust	7	10,000	10,000
		228,429	169,822
LESS CURRENT LIABILITIES			
Creditors and accruals		74,198	59,796
Student fees in advance		1,261	5,174
Subscriptions in advance		1,247	1,252
Rentals in advance		14,625	14,625
Event income in advance		48,197	11,821
Vera Halligan Trust Funds	8	32,048	30,601
Trustees Executors Limited – Winton and Margaret Bear Charitable Trust	7	10,000	10,000
		181,576	133,269
NET WORKING CAPITAL		46,853	36,553
NON CURRENT ASSETS			
Property, plant and equipment	6	919,358	936,996
Intangible Assets	9	14,716	15,542
		934,074	952,538
NET ASSETS		980,927	989,091

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

	2020 (\$)	2019 (\$)
Operating Activities		
Subscriptions	197,685	238,921
Education programme	100,455	93,018
Building income	41,250	45,000
Interest received	3,387	2,451
Other income	163,728	132,699
Net GST received	1,280	1,237
Payments to suppliers	(196,383)	(241,906)
Payments to employees	(259,171)	(256,525)
Net - Operating	52,231	14,895
Investing		
Purchase of property, plant and equipment and intangibles	(8,000)	(17,810)
Net - Investing	(8,000)	(17,810)
Net Increase	44,231	(2,915)
Cash Opening	115,121	118,036
Cash Closing	159,352	115,121
	2020 (\$)	2019 (\$)
BNZ 00 Account	29,304	23,434
BNZ 03 Account	1,000	1,000
BNZ 06 Account	7	7
Term Deposits	128,891	90,530
Petty Cash	150	150
	159,352	115,121

STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2020

REPORTING ENTITY

Governance New Zealand Incorporated is the New Zealand Division of The Chartered Governance Institute. Governance New Zealand Inc. is registered under the Incorporated Societies Act 1908. These financial statements are for the National Office and the Branches of Governance New Zealand Inc. that operate throughout New Zealand. This financial report is for the year ended 30 June 2020.

BASIS FOR PREPARATION

Governance New Zealand Inc. has elected to apply PBE SFR-A (Not-for-Profit) Public Benefit Entity Simple Format Reporting – Accrual (Not-for-Profit) on the basis it does not have public accountability and has total annual expenses to or less than \$2,000,000. All transactions in the Performance Report are reported using the accrual basis of accounting. The Performance Report is prepared under the assumption that the entity will continue to operate in the foreseeable future.

These financial statements are presented in New Zealand dollars, rounded to the nearest dollar.

CHANGES IN ACCOUNTING POLICIES

There were no changes in its accounting policies.

PARTICULAR ACCOUNTING POLICIES

The accounting policies have been consistently applied during the year. Particular accounting policies that materially affect the financial statements are further defined below.

PROPERTY, PLANT AND EQUIPMENT

Property is measured at its fair value. The fair value is based on an independent valuation performed by external valuation experts. Depreciation is charged on property. A loss arising from a change in the fair value of a property is recorded in the Statement of Financial Performance in the period in which it arises.

If a property's carrying amount is increased as a result of a revaluation, the increase shall be recognised in Statement of Changes in Equity and the increase shall be recognised in surplus or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or loss.

If a property's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in surplus or loss. However, the decrease shall be recognised in Statement of Changes in Equity to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognised in Statement of Changes in Equity reduces the amount accumulated in equity under the heading of asset revaluation reserve.

Items of plant and equipment are stated at cost, less accumulated depreciation and impairment losses.

DEPRECIATION

Depreciation is calculated on a straight-line basis to allocate the cost of assets, less any residual value, over useful lives.

The estimated useful lives of depreciable assets are:

Buildings 50 years; Furniture & Fittings 10 years; Office Equipment 2 - 5 years.

FOREIGN EXCHANGE

Foreign exchange balances have been translated to New Zealand dollars using exchange rates applicable at balance date. Foreign currency transactions are converted at the exchange rate ruling at the transaction date. Gains and losses on foreign exchange are recognised in the Statement of Financial Performance.

DEBTORS

Debtors are initially recorded at the amount owed. When it is likely the amount owed (or some portion) will not be collected, a provision for impairment is recognised and a loss is recorded as bad debt or provision for doubtful debt expense.

CREDITORS & ACCRUED EXPENSES

Creditors and accrued expenses are measured at the amount owed.

BANK ACCOUNTS & CASH

Bank accounts and cash in the Statement of Cash Flows comprise cash balances and bank balances (including short term deposits) with original maturities of 90 days or less.

INCOME TAX

The income tax expense recognised in the Statement of Financial Performance is the estimated income tax expense in the current year, adjusted for any differences between the estimated and actual income tax payable in prior years. Tax losses are not recognised as an asset unless realisation is virtually certain.

INTANGIBLE ASSETS

Product Development is amortised to the Statement of Financial Performance on a straight-line basis over the period during which benefits are expected to be derived - a period of 3 years.

REVENUE RECOGNITION

Revenue mainly consists of membership dues and training course income. Membership dues are recognised at the date the membership period commences. Revenue from services rendered is recognised in profit or loss in proportion to the stage of course completion.

GOODS & SERVICES TAX

Governance New Zealand is registered for GST. All amounts are recorded in the performance report exclusive of GST (if any).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

1. ASSET REVALUATION RESERVE

In the 2017 financial year, a property valuation of the Governance New Zealand Inc. owned Levels 1 and 2 of 44 Anzac Avenue, Auckland Central was undertaken. An increment has been recorded via the asset revaluation reserve account.

2. MEMBERS SUBSCRIPTIONS

The 2019-20 financial year has seen a decrease in income from Membership Subscriptions due to the aging membership of Associates and Fellows. There has been a corresponding decrease in the levy paid to the parent body The Chartered Governance Institute (CGI).

	2020 (\$)	2019 (\$)
Subscriptions charged to members	223,895	241,857
Less levy paid to CGI - London	(14,803)	(16,113)
	209,092	225,744

3. BRANCH PERFORMANCE

	2020 (\$)	2019 (\$)
BRANCH INCOME		
Branch functions and activities held	1,300	8,919
Less BRANCH EXPENSES		
Branch functions and activities held	(2,311)	(5,310)
BRANCH OPERATING SURPLUS/(DEFICIT)	(1,011)	3,609

The operating activities of the branches are funded using the National Office bank account. As such no grants are awarded to branches to fund their cash flow requirements.

The decrease in Branch income for the 2019-20 financial year was due to the cancellation of all branch events after 23 March 2020 due to Covid-19.

4. INCOME TAX

Net membership related income is not assessable for tax purposes. Taxation on other income is calculated on net interest and rentals after deducting income tax losses carried forward from previous years. There are income tax losses available to be carried forward of \$156,460 as at 31 March 2020 (2019 \$133,763). The availability of tax losses carried forward is subject to statutory requirements being met and assessment by the Inland Revenue Department.

5. MEMBERS FUNDS

	2020 (\$)	2019 (\$)
General Funds		
Opening Balance 1 July – National Office	750,909	771,719
Deficit for the year	(8,164)	(20,810)
Closing Balance 30 June – National Office	742,745	750,909
Asset Revaluation Reserve	229,013	229,013
EDUCATION PROMOTIONAL FUND		
Opening Balance 1 July	9,169	9,169
Closing Balance 30 June	9,169	9,169
TOTAL FUNDS	980,927	989,091

6. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Office Equipment	Furniture & Fittings	Total
COST					
Opening Balance at 1 July 2018	580,000	515,515	59,311	108,543	1,263,369
Additions	-	-	-	6,206	6,206
Disposals/Transfers	-	-	-	-	-
Balance at 30 June 2019	580,000	515,515	59,311	114,749	1,269,575
COST					
Opening Balance at 1 July 2019	580,000	515,515	59,311	114,749	1,269,575
Additions	-	-	-	-	-
Disposals/Transfers	-	-	-	-	-
Balance at 30 June 2020	580,000	515,515	59,311	114,749	1,269,575
DEPRECIATION					
Opening Balance at 1 July 2018	-	183,893	51,831	78,297	314,021
Depreciation for the year	-	10,310	4,054	4,194	18,558
Disposals/Transfers	-	-	-	-	-
Balance at 30 June 2019	-	194,203	55,885	82,491	332,579
DEPRECIATION					
Opening Balance at 1 July 2019	-	194,203	55,885	82,491	332,579
Depreciation for the year	-	10,310	2,674	4,654	17,640
Disposals/Transfers	-	-	-	-	-
Balance at 30 June 2020	-	204,513	58,559	87,145	350,219
CARRYING AMOUNTS					
At 30 June 2019	580,000	321,312	3,426	32,258	936,996
At 30 June 2020	580,000	311,002	752	27,604	919,358

In the 2017 financial year, the entity elected to apply PBE IPSAS17 Property, Plant and Equipment and consequently revalued its land and buildings. At 30 June 2020, the Board was satisfied that Land and Buildings are stated at their fair value.

7. OPERATING LEASE

A four-year commercial agreement was entered to with Canon Finance Ltd in September 2017 for the lease of the photocopier. The future lease payable is \$2,634 (2019: \$5,175).

8. TRUSTEES EXECUTORS LIMITED - WINTON AND MARGARET BEAR CHARITABLE TRUST

In 1997, Governance New Zealand Inc. was the beneficiary of a \$10,000 grant which is held at Trustees Executors Limited. The income from the grant fund is to be used to assist members of Governance New Zealand Inc. in their need for a sound understanding of the law and practice of taxation. The income from the grant fund is maintained in a Cash Management Trust which is available for Governance New Zealand Inc. to utilise equally between:

- Contribution to the maintenance of the Head Office Library available to all Institute members.
- Contribution to the Wellington Branch Committee for the presentation and organisation of annual tax lecture.

In accordance with the Winton and Margaret Bear Charitable Trust Guidelines, Trustees may request repayment of the funds should Governance New Zealand Inc. be dissolved or merged, or if Governance New Zealand Inc. in the opinion of the Trustees is not complying with the Guidelines.

9. BNZ - VERA HALLIGAN CHARITABLE TRUST

During the 2002 financial year \$25,933 was received, being principal and interest, from the Estate of Vera Halligan who was the widow of Percy Halligan, a long-standing Canterbury member, Fellow of CGI, and Chairman of the Canterbury Branch. The Executors of the Estate and Governance New Zealand Inc. have created a Deed of Trust to provide for the education of Canterbury residents who may qualify for, or be members of, Governance New Zealand Inc. The balance of the funds together with interest is held in a separate BNZ bank account.

10. INTANGIBLE ASSETS

In the 2014 year, student education modules were purchased through the Australian Institute and updated to reflect New Zealand law. The cost to convert parts of the modules to reflect New Zealand law have been capitalised and were amortised over a three-year period.

Commencing in 2017, Governance New Zealand put in place a strategy to develop New Zealand authored student education modules. Since 2017, the Corporate Law, Corporate Governance, Risk & Compliance and Enterprise Risk Management modules have been written, the cost of which has been capitalised and amortised over a three-year period.

	Product Development
Cost	
Opening Balance at 1 July 2018	27,535
Additions	11,600
Disposals/Transfers	-
Balance at 30 June 2019	39,135
Cost	
Opening Balance at 1 July 2019	39,135
Additions	8,000
Disposals/Transfers	-
Balance at 30 June 2020	47,135
Amortisation	
Opening Balance at 1 July 2018	15,936
Depreciation for the year	7,657
Disposals/Transfers	-
Balance at 30 June 2019	23,593
Amortisation	
Opening Balance at 1 July 2019	23,593
Depreciation for the year	8,826
Disposals/Transfers	-
Balance at 30 June 2020	32,419
Carrying Amounts	
At 30 June 2019	15,542
At 30 June 2020	14,716

11. RELATED PARTIES

International body:

Governance New Zealand Inc. pays a levy as a Division of The Chartered Governance Institute for their share of international governance costs. The levy is based on current membership and was NZ\$14,803 for the 2020 financial year (2019: \$16,113). The Chartered Governance Institute is the international body for Governance New Zealand Inc. The levy payable as at 30 June 2020 was nil (2019:nil).

Other CGI affiliated bodies:

Governance New Zealand Inc. purchases course materials and recharges costs incurred on behalf of other The Chartered Governance Institute affiliated bodies. The cost of materials for the 2019 financial year was \$3,397. The cost for the 2020 financial year was \$9,446. The 2020 amount owing at balance date was \$10,350 (2019: \$3,360)

Key management personnel:

Salaries and other benefits paid to three key staff involved in the strategic management of the entity amounted in 2020 to \$234,632 (2019: 234,632) and is presented as "Executive and secretarial & administration salaries" in the statement of financial performance. Salaries and benefits payable due to key staff, included in "Creditors and accruals" in the statement of financial position, amounted to \$10,000 as at 30 June 2020 (2019: \$10,000).

Trustees:

The following related party transactions are identified between Governance New Zealand Inc and the Board of Governance New Zealand.

Description of Related Party Relationship	Description of the transaction (whether in cash or amount in-kind)	This Year Value of Transactions	Last Year Value of Transactions	This Year Amount Outstanding	Last Year Amount Outstanding
Paul Kane was the Chair of Governance New Zealand and is also a Partner at Grant Thornton.	Grant Thornton provided Xero and financial advisory services to Governance New Zealand, which were charged at standard rates.	\$471	\$1,984	\$0	\$0
Denis Mowbray is a Trustee of Governance New Zealand and also the Director of Gryphon Management Consultants.	Gryphon Management Consultants provided consultation services to Governance New Zealand, which were charged at standard rates.	\$14,490	\$19,770	\$0	\$6,670

12. CAPITAL COMMITMENTS

There are no capital commitments or contingencies as at balance date (2019: nil).

13. SUBSEQUENT EVENTS

Subsequent to balance date, the COVID-19 Pandemic has resulted in the New Zealand government announcing a number of measures to contain the spread of the virus. This includes restrictions to limit interaction with customers and requiring employers to enact working from home policies where possible from midday from 12 August 2020 to 30 August midnight.

At this stage, the extent to which the coronavirus impacts Governance New Zealand's upcoming results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions to contain the coronavirus or treat its impact, amongst others. The partial closure has created uncertainty for all businesses, including Governance New Zealand. The exact impact from this uncertainty cannot currently be measured or predicted reliably. At this stage, the Board expects an overall decrease in revenue, budgeting for a loss of \$21,174 for the 2021 financial year, however, Governance New Zealand has sufficient cash reserves to be able to operate and meet its obligations as they fall due (2019: nil).

MEMBERSHIP 2020

New Associate Members (ACG)

Carmen Maria Canalejas Huertas	Andrew Charles Cleland	Benjamin George Coleman
Murray Roy Lapworth	Victoria Joy Lefroy Loveday	Tallat Mehmood
Pania Anne Sigley	Louise Melinda Woollett-Ratcliffe	

New Fellowships Bestowed (FCG)

Kin Yan Chan	Malcolm John Fraser	Henry Charles James Lynch
Moya Jane Hayhurst	Joanne Noble-Nesbit	Paul Douglas Town

70-year Membership

Dawson (Tim) Reginald Donaldson	Colin Moutray Mason
---------------------------------	---------------------

60-year Membership

Ronald David Patten

50-year Membership

David John Barber	Alec George Day	Ian Lindsay Gunthorp
Alexander Jannis	Norman Leslie Johnston	Gerald Anthony Leaper
Ramesh Chhotalal Mehta	Neville Francis Moffitt	David Alexander Nicholson
Alan John Ogle	George Edward Rex Relph	Anthony Murray Richardson
Anthony John Rumbold	Barrie Robert Singleton	John Derek Steer
Michael (Rusty) John Whittle	Grahame Cuthbert Wilson	Arthur Edward Woodcock

Student Awards

Prizes awarded to the Top Student in the Professional Education Programme

Semester Two 2019 - Hayley Denoual	Semester One 2020 - Hayley Denoual
------------------------------------	------------------------------------

Vera Halligan Award Recipients

Award Recipient 2019 - Levana Jackson	Award Recipient 2020 - James McPherson
---------------------------------------	--

Waikato University Management School Governance New Zealand Prizes in Business Law

Prize in Law of Business Enterprise Award Recipient 2019 - Iris Chang	Prize in Business Law and the Legal Environment Award Recipient 2019 - Gina Butler
--	---

MEMBERSHIP CERTIFICATE PRESENTATIONS



25-year Member, Brian Loughhead ACG, receives his milestone membership certificate from Canterbury Branch Chair, Kim DeGarnham FCG.



25-year Member, John Yeoman FCG, receives his milestone membership certificate from Wellington Branch Chair, Shane Bidois FCG.



60-year Member Peter Hays ACG receives his certificate from Auckland Branch Committee Member Siddhartha Sharma FCG at the 2019 Auckland Branch AGM.



50-year Member, Alistair Burry FCG, receives his milestone membership certificate from Auckland Branch Committee Member, Siddhartha Sharma FCG.



50-year Member, James Mitchelson FCG, receives his milestone membership certificate from Auckland Branch Committee Member, Siddhartha Sharma FCG.



50-year Member, Garry Jamieson ACG, receives his milestone membership certificate from Auckland Branch Committee Member, Siddhartha Sharma FCG.



40-year Member, Donald McEwan FCG, receives his milestone membership certificate from Canterbury Branch Chair, Kim DeGarnham FCG.



40-year Member, Murray Hutchinson ACG, receives his milestone membership certificate from Auckland Branch Committee Member, Siddhartha Sharma FCG.



50-year Member, Peter Beasley ACG, receives his milestone membership certificate from Auckland Branch Committee Member, Siddhartha Sharma FCG.



New Fellow, Paul Town FCG, receives his certificate from President, Denis Mowbray FCG.

INTERNATIONAL REPRESENTATIVE ON CGI COUNCIL

Pursuant to Byelaw 44.1 (a) (i) of the CGI Charter & Byelaws 2019, the nominees for The Chartered Governance Institute (CGI) Council Member (sometimes referred to as the International Representative) are Coral Ingley and Denis Mowbray.

The New Zealand Division is entitled to appoint one eligible Fellow who lives in the Division. Being duly nominated by the Members in terms of Byelaw 47.1 (b) as a Council Member effective for a three-year Byelaw 48.1 term commencing 1 January 2021 Byelaw 47.1 (d).

Below is the candidate information, however full bios can be found in the members-only area of the Governance New Zealand website.

Voting can be either by returning the Proxy Form provided on page 32 of this Annual Report or in person at the Annual General Meeting of the New Zealand Division being held at 6.00pm on Tuesday 24 November 2020 at the offices of Governance New Zealand Inc, Level 2, 44 Anzac Avenue, Auckland Central.

Candidate Information



Coral Ingley FCG FGNZ

My name is Coral Ingley, Past Vice-President of Governance New Zealand. I am seeking your support for the important position of The Chartered Governance Institute Council Member (International Representative).

As a Fellow Member of Governance NZ, I have been pleased to serve the organisation in various leadership capacities over the years, most recently, as Chair of the Education Committee, as a Northern Electoral Area Representative, and as Vice President of Governance NZ. These roles have given me a strong understanding of CGI's and Governance NZ's activities and a good basis from which to further serve the Institute.

My broad corporate and academic experience has involved me in extensive regular international travel to confer and work with colleagues and build networks relating to my professional focus in corporate governance. Relationship building, strategic thinking, leadership and policy formulation, communication, negotiation and team skills, diversity and cultural understanding through working with others from various ethnic backgrounds and countries, as well as my deep experience in delivery of professional qualifications in corporate governance, are vital abilities I have gained from these experiences. These abilities see me well-placed to undertake and deliver value to CGI and Governance New Zealand in a role requiring a strategic contribution to policy formulation and direction of the Institute.



Denis Mowbray FCG FGNZ

Denis Mowbray is committed to innovation and is driven by ideas, and the possibilities new strategic directions offer. Denis has an open leadership style, approachable and operates with logic, a wonderful sense of humour, and always with integrity. Denis is a natural leader whose leadership style communicates a sense of purpose and motivates individuals to achieve their best. Denis believes that trust is developed through consistency in behaviour, openness, fairness, and personal integrity. Denis is a confident and original thinker, and a strong individualist who seeks new angles or novel ways of looking at life. Denis is an intelligent individual who strives to always do his best and continue to move in a positive direction. These are the skills and attributes that Denis would bring to the role of New Zealand Representative on the Council of the CGI. Denis' other board roles include Chair Gymnastics NZ and Director of Oceania Gymnastics Union.

When discussing his rationale for standing for this role, Denis said: I believe I am the right person and well qualified for the role of International Representative to The Corporate Governance Institute (CGI) principally because I am committed to developing the influence and presence of Governance NZ, locally and internationally. Through the International Representative, I believe Governance NZ and its members can contribute to and significantly enhance the CGI's leadership in the international governance environment. To achieve success local and internationally, our efforts must be focused on four critical pillars: Branches, Members, Education and Thought Leadership. We require a focused strategic approach to these four key areas if we and the CGI are to be influential in the local and international governance sectors. I believe my practical governance experience as a Chair and Director in range of industries and sectors, my experiences as a business executive combined with my academic qualifications and my advisory practice make me ideally suited to the role of NZ Representative on the CGI Council. I hope that you will do me the honour of voting for me in the upcoming election.

THE NEW ZEALAND DIVISION OF THE CHARTERED GOVERNANCE INSTITUTE PROXY FORM

Annual General Meeting – Ordinary Business

In order for your proxy to be valid, you must be a member of The Chartered Governance Institute. Insert your name and membership number below and sign this form.

Name _____

Membership Number _____

Signature _____

If you wish the duly appointed chair of the meeting to act as your proxy, put a cross (X) against the first box, or otherwise write the name of your proxy in block capitals and put a cross (X) in the second box. Your proxy must be another Member of The Chartered Governance Institute. If your proxy is unable to attend the meeting, your proxy reverts to the chair unless you delete the words "The chair of the meeting, or"

I (name) _____ of (branch) _____

being a Member of the New Zealand Division of The Chartered Governance Institute appoint:

☐ The chair of the meeting, or

☐ _____

as my proxy to vote for me on my behalf at the **Annual General Meeting** of the Division, to be held on the **24th day of November 2020** at 6.00pm and at any adjournment thereof. Unless otherwise indicated below, or on any matter properly before the meeting but not referred to below, my proxy may exercise their discretion as to how they vote.

Please indicate with a cross (X) in the spaces below how you wish your vote to be cast. In the absence of such indication the proxy will exercise his/her discretion in voting.

RESOLUTIONS: (TICK APPROPRIATE BOX)

	FOR	AGAINST	WITHHELD
• Accept the verbal report from the Committee for New Zealand of the activities of the Committee and the affairs of the New Zealand Division for the past financial year.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Accept the Annual Report of Governance New Zealand Inc to the Committee for New Zealand.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Approve the Reports on Affairs and Performance Report made up to 30 June 2020 and authorise the Board to appoint an auditor for the 2020/2021 financial year. The Committee has sub-delegated to the Governance New Zealand Inc. certain activities, tasks and responsibilities with respect to the management and administration of the affairs of the New Zealand Division and the Committee, including the completion of an audit. Governance New Zealand Inc. reports on those matters in its accompanying 2020 Annual Report.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Authorise the Committee to approve as a correct record the minutes of the AGM of the New Zealand Division.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Once completed send the form in its entirety either:

- (i) hand delivery to the Secretary, Linda Noble
- (ii) by post to Governance New Zealand Inc, PO Box 444, Auckland 1140;
- (iii) by scan and email to secretary@governancenz.org;

no later than **4.30pm Friday 20 November 2020**, so that arrangements can be made to deliver your proxy form to the Annual General Meeting not less than 48 hours before the commencement of the meeting. Any proxy form received after that time will not be valid for the scheduled meeting.

Rule 12.3: The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

Rule 12.5: The proxy may vote at any subsequent meeting being an adjourned meeting of the original meeting and should the Member who appointed the proxy be able to attend an adjourned meeting to vote personally then if that Member so wishes he may cancel the authority conferred by the proxy instrument.

Rule 12.6: No Member shall be entitled to be present or vote at any meetings while he is under any pecuniary liability to The Chartered Governance Institute, the New Zealand Division, or Governance New Zealand Inc. which shall have existed for more than three months.

THE NEW ZEALAND DIVISION OF THE CHARTERED GOVERNANCE INSTITUTE PROXY FORM

Annual General Meeting – Special Business

In order for your proxy to be valid, you must be a member of The Chartered Governance Institute. Insert your name and membership number below and sign this form.

Name _____

Membership Number _____

Signature _____

If you wish the duly appointed chair of the meeting to act as your proxy, put a cross (X) against the first box, or otherwise write the name of your proxy in block capitals and put a cross (X) in the second box. Your proxy must be another Member of The Chartered Governance Institute. If your proxy is unable to attend the meeting, your proxy reverts to the chair unless you delete the words "The chair of the meeting, or"

I (name) _____ of (branch) _____

being a Member of the New Zealand Division of The Chartered Governance Institute appoint:

☐ The chair of the meeting, or

☐ _____

as my proxy to vote for me on my behalf at the **Annual General Meeting** of the Division, to be held on the **24th day of November 2020** at 6.00pm and at any adjournment thereof. Unless otherwise indicated below, or on any matter properly before the meeting but not referred to below, my proxy may exercise their discretion as to how they vote.

Please indicate with a cross (X) in the spaces below how you wish your vote to be cast. In the absence of such indication the proxy will exercise his/her discretion in voting.

RESOLUTIONS: (TICK APPROPRIATE BOX)

- Appointment of an The Chartered Governance Institute Council Member (International Representative) being effective for a period of three years from 1 January 2021 and ending 31 December 2023.

There are currently two nominations, see candidate information is on page 30 of this Annual Report.

Only nominate one candidate from the two Members below:

Coral Ingley FCG FGNZ

☐

OR

Denis Mowbray FCG FGNZ

☐

Once completed send the form in its entirety either:

- hand delivery to the Secretary, Linda Noble
- by post to Governance New Zealand Inc, PO Box 444, Auckland 1140;
- by scan and email to secretary@governancenz.org;

no later than **4.30pm Friday 20 November 2020**, so that arrangements can be made to deliver your proxy form to the Annual General Meeting not less than 48 hours before the commencement of the meeting. Any proxy form received after that time will not be valid for the scheduled meeting.

Rule 12.3: The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

Rule 12.5: The proxy may vote at any subsequent meeting being an adjourned meeting of the original meeting and should the Member who appointed the proxy be able to attend an adjourned meeting to vote personally then if that Member so wishes he may cancel the authority conferred by the proxy instrument.

Rule 12.6: No Member shall be entitled to be present or vote at any meetings while he is under any pecuniary liability to The Chartered Governance Institute, the New Zealand Division, or Governance New Zealand Inc. which shall have existed for more than three months.

GOVERNANCE NEW ZEALAND INCORPORATED

PROXY FORM

Annual General Meeting – Ordinary Business

In order for your proxy to be valid, you must be a member of Governance New Zealand Incorporated. Insert your name and membership number below and sign this form.

Name _____

Membership Number _____

Signature _____

If you wish the duly appointed chair of the meeting to act as your proxy, put a cross (X) against the first box, or otherwise write the name of your proxy in block capitals and put a cross (X) in the second box. Your proxy must be another Member of Governance New Zealand Inc. If your proxy is unable to attend the meeting, your proxy reverts to the chair unless you delete the words "The chair of the meeting, or"

I (name) _____ of (branch) _____

being a Member of Governance New Zealand Inc. appoint:

☐ The chair of the meeting, or

☐

as my proxy to vote for me on my behalf at the **Annual General Meeting** of the Governance New Zealand Inc, to be held on the **24th day of November 2020** at 6.15pm and at any adjournment thereof. Unless otherwise indicated below, or on any matter properly before the meeting but not referred to below, my proxy may exercise their discretion as to how they vote.

Please indicate with a cross (X) in the spaces below how you wish your vote to be cast. In the absence of such indication the proxy will exercise his/her discretion in voting.

RESOLUTIONS: (TICK APPROPRIATE BOX)

	FOR	AGAINST	WITHHELD
• That the President's and Chief Executive's Reports, and the audited Performance Report be received.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• That the Board be authorised to appoint an Auditor for the 2020/2021 financial year.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• That the Board be authorised to approve as a correct record the minutes of the AGM.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Once completed send the form in its entirety either:

- (i) hand delivery to the Secretary, Linda Noble
- (ii) by post to Governance New Zealand Inc, PO Box 444, Auckland 1140;
- (iii) by scan and email to secretary@governancenz.org;

no later than **4.30pm Friday 20 November 2020**, so that arrangements can be made to deliver your proxy form to the Annual General Meeting not less than 48 hours before the commencement of the meeting. Any proxy form received after that time will not be valid for the scheduled meeting.

Rule 15.3 The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

Rule 15.5 The proxy may vote at any subsequent meeting being an adjourned meeting of the original meeting and should the Member who appointed the proxy be able to attend an adjourned meeting to vote personally then if that Member so wishes he may cancel the authority conferred by the proxy instrument.

Rule 15.6 No Member shall be entitled to be present or vote at any meetings while he is under any pecuniary liability to Governance New Zealand which shall have existed for more than three months.





Governance New Zealand Incorporated

Level 2, 44 Anzac Avenue, Auckland

P.O. Box 444, Auckland 1140, New Zealand

P +64 (9) 377 0130

E info@governancenz.org

W www.governancenz.org



**Governance
New Zealand**

The Corporate Conscience™



CONTACT

Governance New Zealand Incorporated

Level 2, 44 Anzac Avenue, Auckland

P.O. Box 444, Auckland 1140, New Zealand

P +64 (9) 377 0130

E info@governancenz.org

W www.governancenz.org