
**ASEAN PROMOTION CENTRE ON
TRADE, INVESTMENT AND TOURISM**

*Financial Statements for the
Year Ended March 31, 2020*

ASEAN PROMOTION CENTRE ON TRADE, INVESTMENT AND TOURISM

Balance Sheet March 31, 2020

ASSETS	Japanese Yen	U.S. Dollars (Note 2)	LIABILITIES AND FUND BALANCE	Japanese Yen	U.S. Dollars (Note 2)
CURRENT ASSETS:					
Cash and bank deposits	¥ 188,871,145	\$ 1,735,469	Accounts payable	¥ 34,076,769	\$ 313,119
Prepaid expenses	3,130,271	28,763	Short-term bank loan (Notes 6.a and 7.b)	54,424,800	500,090
Accounts receivable	<u>283,799</u>	<u>2,608</u>	Other current liabilities	<u>1,931,468</u>	<u>17,748</u>
Total current assets	<u>192,285,215</u>	<u>1,766,840</u>	Total current liabilities	<u>90,433,037</u>	<u>830,957</u>
PROPERTY:					
Property, plant and equipment:			LONG-TERM LIABILITIES:		
Property, plant and equipment (Notes 3.a, 3.d and 4)	80,574,395	740,370	Asset retirement obligations (Notes 3.d and 4)	18,650,473	171,373
Accumulated depreciation	<u>(64,679,710)</u>	<u>(594,319)</u>	Accrued severance benefits (Note 3.c)	<u>57,967,230</u>	<u>532,640</u>
Net property, plant and equipment	15,894,685	146,051	Total long-term liabilities	<u>76,617,703</u>	<u>704,013</u>
Intangible assets—software (Note 3.a)	<u>17,256,258</u>	<u>158,561</u>	COMMITMENTS (Note 6)		
Total property	<u>33,150,943</u>	<u>304,612</u>	FUND BALANCE (Note 7.a):		
INVESTMENTS AND OTHER ASSETS:					
Lease deposits (Notes 6.a and 7.b)	57,372,800	527,178	Appropriated for repayment of bank loan (Note 7.b)	1,914,000	17,587
Deposits	310,000	2,849	Appropriated for special fund (Note 7.a.2)	27,761,653	255,092
Long-term prepaid expenses	<u>647,201</u>	<u>5,947</u>	Appropriated for earmarked expenses (Notes 6.b and 7.c)	2,750,011	25,269
Total investments and other assets	<u>58,330,001</u>	<u>535,974</u>	Appropriated for property, plant and equipment and software (Notes 3.a, 3.d and 4)	33,150,943	304,612
			Appropriated for asset retirement obligations (Notes 3.d and 4)	(18,650,473)	(171,373)
			Unappropriated (Note 7.a.4)	<u>69,789,285</u>	<u>641,269</u>
			Total fund balance	<u>116,715,419</u>	<u>1,072,456</u>
TOTAL	<u>¥ 283,766,159</u>	<u>\$ 2,607,426</u>	TOTAL	<u>¥ 283,766,159</u>	<u>\$ 2,607,426</u>

See notes to financial statements.

ASEAN PROMOTION CENTRE ON TRADE, INVESTMENT AND TOURISM

Statement of Revenues, Expenses, and Changes in Fund Balance Year Ended March 31, 2020

	<u>Japanese Yen</u>	<u>U.S. Dollars</u> <u>(Note 2)</u>
REVENUES:		
Contributions from Member States (Note 5)	¥ 527,261,000	\$ 4,844,813
Other income:		
Interest income	19,913	183
Others	<u>131,580</u>	<u>1,209</u>
Total revenues	<u>527,412,493</u>	<u>4,846,205</u>
EXPENSES:		
Projects:		
Trade	5,214,445	47,914
Investment	42,200,312	387,764
Tourism and Exchanges	44,115,109	405,358
Research and Policy Analysis (Note 3.c)	24,037,669	220,874
Capacity Building	13,572,503	124,713
Public Relations	17,962,407	165,050
ASEAN National Activities	27,727,155	254,775
Depreciation expenses (Note 3.a)	1,307,685	12,016
Amortization expenses (Note 3.a)	7,022,959	64,531
Loss on disposal of noncurrent assets (Note 3.a)	687,844	6,320
Administration:		
Meetings of Council and Executive Board	1,912,685	17,575
Office maintenance	54,288,856	498,841
Office operation	10,984,786	100,935
Staff expenses	196,485,316	1,805,433
Provision for accrued severance benefits (Note 3.c)	11,035,210	101,399
Rent for Permanent Exhibition Hall (Note 6.a)	33,471,785	307,560
Depreciation expenses (Notes 3.a and 3.d)	3,869,809	35,558
Amortization expenses (Note 3.a)	1,006,581	9,249
Loss on disposal of noncurrent assets (Note 3.a)	<u>2,691,250</u>	<u>24,729</u>
Total expenses	<u>499,594,366</u>	<u>4,590,594</u>
EXCESS OF REVENUES OVER EXPENSES	27,818,127	255,611
FUND BALANCE, BEGINNING OF YEAR	<u>88,897,292</u>	<u>816,845</u>
FUND BALANCE, END OF YEAR	<u><u>¥ 116,715,419</u></u>	<u><u>\$ 1,072,456</u></u>

See notes to financial statements.

ASEAN PROMOTION CENTRE ON TRADE, INVESTMENT AND TOURISM

Statement of Cash Flows Year Ended March 31, 2020

	<u>Japanese Yen</u>	<u>U.S. Dollars (Note 2)</u>
OPERATING ACTIVITIES:		
Cash received from Member States	¥ 527,261,000	\$ 4,844,813
Cash received from other operating activities	131,580	1,209
Cash paid to suppliers and staff	(513,098,220)	(4,714,676)
Interest received	19,913	183
Interest paid	<u>(1,002,606)</u>	<u>(9,213)</u>
Net cash provided by operating activities	<u>13,311,667</u>	<u>122,316</u>
INVESTING ACTIVITIES:		
Acquisition of property, plant and equipment and software	(7,067,060)	(64,937)
Cash received from staff members for lease deposit	30,000	276
Proceed from refund of lease deposit	571,000	5,246
Cash paid for lease deposit	<u>(198,000)</u>	<u>(1,819)</u>
Net cash used in investing activities	<u>(6,664,060)</u>	<u>(61,234)</u>
FINANCING ACTIVITIES:		
Cash paid to bank for settlement of short-term bank loan	<u>(638,000)</u>	<u>(5,862)</u>
Net cash used in financing activities	<u>(638,000)</u>	<u>(5,862)</u>
NET INCREASE IN CASH AND BANK DEPOSITS	6,009,607	55,220
CASH AND BANK DEPOSITS, BEGINNING OF YEAR	<u>182,861,538</u>	<u>1,680,249</u>
CASH AND BANK DEPOSITS, END OF YEAR	<u>¥ 188,871,145</u>	<u>\$ 1,735,469</u>

See notes to financial statements.

ASEAN PROMOTION CENTRE ON TRADE, INVESTMENT AND TOURISM

Notes to Financial Statements Year Ended March 31, 2020

1. ORGANIZATION

ASEAN PROMOTION CENTRE ON TRADE, INVESTMENT AND TOURISM (the Centre) was established on May 25, 1981, as an unincorporated, nonprofit organization under the Agreement between the Governments of Japan and five ASEAN Member States. This Agreement was extended to May 24, 2022, at the 36th Annual Meeting of the Council held in Tokyo in March 2017. The Centre's main purpose is to promote exports from the ASEAN Member States to Japan, particularly semi-processed and manufactured products; to accelerate the flow of investment between Japan and the ASEAN Member States including the transfer of skill and technology; to vitalize tourist traffic between Japan and the ASEAN Member States; and to expand exchanges of persons through close cooperation between Japan and the ASEAN Member States. There are 11 Member States as of March 31, 2020.

2. BASIS OF PRESENTING FINANCIAL STATEMENTS AND FINANCIAL REGULATIONS

The accompanying financial statements except for fund balance and statement of cash flows have been prepared in accordance with generally accepted accounting principles in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

Fund Balance is prepared based on III. Financial Regulations in the Rules and Regulations and 3. Financial Rules and Procedures in The Staff Rules, Internal Rules and Guidelines, and Internship Rules and Regulations established by the Centre.

Statement of Cash Flows is prepared in accordance with Regulation on Terminology, Forms, and Preparation Methods of Financial Statement (Zaimushohyotou Kisoku).

The financial statements are stated in Japanese yen, the currency of the country in which the Centre operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers and have been made at the rate of ¥108.83 to \$1, the rate of exchange at March 31, 2020. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Property, Plant and Equipment and Software**—Property, plant and equipment and software, limited to those with individual amounts of ¥200,000 (\$1,838) or more, are stated at cost. Depreciation of property, plant and equipment is computed generally by the declining-balance method at rates based on the estimated useful lives of the assets. The range of useful lives is principally from 2 to 20 years. Amortization of software is computed by the straight-line method at rates based on estimated useful lives from 4 to 5 years.
- b. Long-Lived Assets**—The Centre reviews its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. The impairment loss is measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the net selling price at disposition.

- c. Severance Benefits**—Staff members of the Centre are entitled to receive a lump-sum payment upon termination of their employment either by resignation or retirement. The amount of benefits for a permanent appointee is determined based on the rate of one-month base salary at the time of resignation or retirement for every completed year of service. For a fixed-term appointee, it is determined at the rate of monthly base salary for a year of service computed on a pro-rata, monthly basis effective at the time of termination of his/her employment in accordance with the 'RULES AND REGULATIONS.' The Centre has recorded a 100 percent liability for the amount that the Centre would have to pay for all the staff members if they resign at the balance sheet date. This is permitted under generally accepted accounting principles in Japan for certain companies that have less than 300 staff members.
- d. Asset Retirement Obligation**—An asset retirement obligation is recorded for a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the related asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

4. ASSET RETIREMENT OBLIGATIONS

The changes in asset retirement obligations for the year ended March 31, 2020, were as follows:

	<u>Japanese Yen</u>	<u>U.S. Dollars</u>
Balance at beginning of year	¥ 18,320,700	\$ 168,343
Reconciliation associated with passage of time	<u>329,773</u>	<u>3,030</u>
Balance at end of year	<u>¥ 18,650,473</u>	<u>\$ 171,373</u>

5. CONTRIBUTIONS FROM MEMBER STATES

The contributions from Member States are recognized as revenues in the year when such contributions become due and payable.

The members of the Centre made the following contributions for the year ended March 31, 2020:

	<u>Japanese Yen</u>	<u>U.S. Dollars</u>
Obligatory contributions:		
Japan	¥ 362,143,000	\$ 3,327,603
ASEAN Member States	51,735,000	475,374
Rent for Permanent Exhibition Hall	34,372,000	315,832
Voluntary contributions:		
Japan	<u>79,011,000</u>	<u>726,004</u>
Total	<u>¥ 527,261,000</u>	<u>\$ 4,844,813</u>

Article X 2 of the Amendments to the Agreement Establishing the Centre which was amended by the Council Decision on November 20, 2007, states that, "Except for the rent of the permanent ASEAN Trade, Investment and Tourism Exhibition Hall, which shall be borne by Japan, the annual budget of the Centre shall be met in the following proportion: Japan: 87.5 percent, the ASEAN Member States: 12.5 percent." This annual budget is now referred to as obligatory contributions.

In addition, the Centre also receives voluntary contributions from Japan, which started in 1988 to meet its increasing financial requirements for the implementation of the Centre's new programs and projects.

6. COMMITMENTS

a. Lease Commitments and Loan from Bank

The aggregate lease deposits at March 31, 2020 of ¥57,372,800 (\$527,178) consist of ¥55,104,000 (\$506,331) and ¥1,234,800 (\$11,346) for the Permanent Exhibition Hall/Secretariat Office including the Information Corner and the storage in Onarimon, respectively, and ¥1,034,000 (\$9,501) for housing for the Secretary General and two member of ASEAN staff.

Total monthly rents from February 1, 2019 through January 31, 2021 for the Permanent Exhibition Hall/Secretariat Office and Information Corner, the signboard fee and the storage in Onarimon of ¥5,488,000 (\$50,428), ¥60,000 (\$551) and ¥205,800 (\$1,891), respectively, are ¥5,753,800 (\$52,870).

The amount of ¥54,424,800 (\$500,090) for the lease deposit was financed by a floating rate bank loan based on bank base rate plus 1.775 percent per annum on March 19, 2020. The interest rate is subject to review monthly. The principal amount is payable on March 19, 2021. The interest expenses were included under "Rent for Permanent Exhibition Hall."

b. Contractual Purchase Obligations

The Centre has contractual purchase obligations related to the annual budget for the fiscal year ended March 31, 2020. The amount of the obligations is ¥2,750,011 (\$25,269) which consists of ¥520,000 (\$4,778) for trade activities, ¥5,830 (\$54) for investment activities, ¥466,000 (\$4,282) for research and policy analysis activities, ¥5,000 (\$46) for capacity building activities, ¥1,633,681 (\$15,011) for ASEAN national activities and ¥119,500 (\$1,098) for administration activities at March 31, 2020.

7. FUND BALANCE

a. Classification of Fund Balance

Fund balance consists of the following:

- (1) Appropriated for repayment of bank loan
- (2) Appropriated for special fund: Remaining balance on the previous year's budgetary accounting
- (3) The amounts of adjustment items from cash basis accounting to accrual accounting:
 - Appropriated for earmarked expenses
 - Appropriated for property, plant and equipment and software
 - Appropriated for asset retirement obligations
- (4) Unappropriated: Remaining balance on the current year's budgetary accounting

b. Appropriated for Repayment of Bank Loan

The amount of ¥1,914,000 (\$17,587), which is the partial repayment on the bank loan for the lease deposits of the Permanent Exhibition Hall/Secretariat Office including the Information Corner and the storage in Onarimon, is the difference between the lease deposits of ¥56,338,800 (\$517,677) and the bank loan of ¥54,424,800 (\$500,090).

c. Appropriated for Earmarked Expenses

The amount of earmarked expenses, which consists of outstanding purchase orders and other commitments for materials and services not received as of March 31, 2020, was not recorded as "Accounts payable" in the balance sheet and "Expenses" in the statement of revenues, expenses, and changes in fund balance in accordance with generally accepted accounting principles in Japan.

The amount of ¥2,750,011 (\$25,269) was appropriated for contractual purchase obligations.

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