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

*Financial Statements for the
Year Ended March 31, 2021*

ASEAN PROMOTION CENTRE ON TRADE, INVESTMENT AND TOURISM

Balance Sheet March 31, 2021

<u>ASSETS</u>	<u>Japanese Yen</u>	<u>U.S. Dollars</u> <u>(Note 2)</u>	<u>LIABILITIES AND FUND BALANCE</u>	<u>Japanese Yen</u>	<u>U.S. Dollars</u> <u>(Note 2)</u>
CURRENT ASSETS:			CURRENT LIABILITIES:		
Cash and bank deposits	¥ 263,709,212	\$ 2,381,982	Accounts payable	¥ 69,463,893	\$ 627,440
Prepaid expenses	4,284,389	38,699	Short-term bank loan (Notes 6.a and 7.b)	53,786,800	485,835
Accounts receivable	<u>153,217</u>	<u>1,384</u>	Other current liabilities	<u>1,892,726</u>	<u>17,096</u>
Total current assets	<u>268,146,818</u>	<u>2,422,065</u>	Total current liabilities	<u>125,143,419</u>	<u>1,130,371</u>
PROPERTY:			LONG-TERM LIABILITIES:		
Property, plant and equipment:			Asset retirement obligations (Notes 3.d and 4)	18,986,182	171,495
Property, plant and equipment (Notes 3.a, 3.d and 4)	74,707,110	674,800	Accrued severance benefits (Note 3.c)	<u>49,246,675</u>	<u>444,826</u>
Accumulated depreciation	<u>(61,738,022)</u>	<u>(557,655)</u>	Total long-term liabilities	<u>68,232,857</u>	<u>616,321</u>
Net property, plant and equipment	12,969,088	117,145	COMMITMENTS (Note 6)		
Intangible assets—software (Note 3.a)	<u>19,713,622</u>	<u>178,065</u>	FUND BALANCE (Note 7.a):		
Total property	<u>32,682,710</u>	<u>295,210</u>	Appropriated for repayment of bank loan (Note 7.b)	2,552,000	23,051
INVESTMENTS AND OTHER ASSETS:			Appropriated for special fund (Note 7.a.2)	69,789,285	630,380
Lease deposits (Notes 6.a and 7.b)	57,608,800	520,358	Appropriated for earmarked expenses (Notes 6.b and 7.c)	1,277,595	11,540
Deposits	310,000	2,800	Appropriated for property, plant and equipment and software (Notes 3.a, 3.d and 4)	32,682,710	295,210
Long-term prepaid expenses	<u>82,497</u>	<u>745</u>	Appropriated for asset retirement obligations (Notes 3.d and 4)	(18,986,182)	(171,495)
Total investments and other assets	<u>58,001,297</u>	<u>523,903</u>	Unappropriated (Note 7.a.4)	<u>78,139,141</u>	<u>705,800</u>
TOTAL	<u>¥ 358,830,825</u>	<u>\$ 3,241,178</u>	Total fund balance	<u>165,454,549</u>	<u>1,494,486</u>
			TOTAL	<u>¥ 358,830,825</u>	<u>\$ 3,241,178</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, 2021

	<u>Japanese Yen</u>	<u>U.S. Dollars</u> <u>(Note 2)</u>
REVENUES:		
Contributions from Member States (Note 5)	¥ 527,261,000	\$ 4,762,542
Other income:		
Interest income	2,347	21
Others	<u>10,180</u>	<u>92</u>
Total revenues	<u>527,273,527</u>	<u>4,762,655</u>
EXPENSES:		
Projects:		
Trade	8,794,603	79,438
Investment	47,377,629	427,943
Tourism and Exchanges	36,999,160	334,199
Research and Policy Analysis (Note 3.c)	11,370,553	102,706
Capacity Building	8,575,973	77,463
Public Relations	14,928,426	134,843
ASEAN National Activities	35,264,069	318,527
Depreciation expenses (Note 3.a)	1,111,790	10,042
Amortization expenses (Note 3.a)	6,978,291	63,032
Loss on disposal of noncurrent assets (Note 3.a)	710,934	6,422
Administration:		
Meetings of Council and Executive Board	1,227,791	11,090
Office maintenance	47,670,153	430,586
Office operation	9,951,734	89,890
Staff expenses	198,798,381	1,795,668
Provision for accrued severance benefits (Note 3.c)	11,760,427	106,227
Rent for Permanent Exhibition Hall (Note 6.a)	33,969,651	306,835
Depreciation expenses (Notes 3.a and 3.d)	2,680,642	24,213
Amortization expenses (Note 3.a)	<u>364,190</u>	<u>3,290</u>
Total expenses	<u>478,534,397</u>	<u>4,322,414</u>
EXCESS OF REVENUES OVER EXPENSES	48,739,130	440,241
FUND BALANCE, BEGINNING OF YEAR	<u>116,715,419</u>	<u>1,054,245</u>
FUND BALANCE, END OF YEAR	<u><u>¥ 165,454,549</u></u>	<u><u>\$ 1,494,486</u></u>

See notes to financial statements.

ASEAN PROMOTION CENTRE ON TRADE, INVESTMENT AND TOURISM

Statement of Cash Flows Year Ended March 31, 2021

	<u>Japanese Yen</u>	<u>U.S. Dollars (Note 2)</u>
OPERATING ACTIVITIES:		
Cash received from Member States	¥ 527,261,000	\$ 4,762,542
Cash received from other operating activities	10,180	92
Cash paid to suppliers and staff	(443,405,115)	(4,005,104)
Interest received	2,347	21
Interest paid	<u>(991,819)</u>	<u>(8,959)</u>
Net cash provided by operating activities	<u>82,876,593</u>	<u>748,592</u>
INVESTING ACTIVITIES:		
Acquisition of property, plant and equipment and software	(7,164,526)	(64,714)
Proceed from refund of lease deposit	146,000	1,318
Cash paid for lease deposit	<u>(382,000)</u>	<u>(3,450)</u>
Net cash used in investing activities	<u>(7,400,526)</u>	<u>(66,846)</u>
FINANCING ACTIVITIES:		
Cash paid to bank for settlement of short-term bank loan	<u>(638,000)</u>	<u>(5,763)</u>
Net cash used in financing activities	<u>(638,000)</u>	<u>(5,763)</u>
NET INCREASE IN CASH AND BANK DEPOSITS	74,838,067	675,983
CASH AND BANK DEPOSITS, BEGINNING OF YEAR	<u>188,871,145</u>	<u>1,705,999</u>
CASH AND BANK DEPOSITS, END OF YEAR	<u><u>¥ 263,709,212</u></u>	<u><u>\$ 2,381,982</u></u>

See notes to financial statements.

ASEAN PROMOTION CENTRE ON TRADE, INVESTMENT AND TOURISM

Notes to Financial Statements Year Ended March 31, 2021

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, 2021.

2. BASIS OF PRESENTING FINANCIAL STATEMENTS AND FINANCIAL REGULATIONS

The accompanying financial statements have been prepared in accordance with Financial Regulations and Basis of Preparation of Financial Statements as described by the Centre.

Financial Regulations and Basis of Preparation of Financial Statements are based on generally accepted accounting principles in Japan except for fund balance within the balance sheet and statement of cash flows.

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 ¥110.71 to \$1, the rate of exchange at March 31, 2021. 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 (\$1,807) 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, 2021, were as follows:

	<u>Japanese Yen</u>	<u>U.S. Dollars</u>
Balance at beginning of year	¥ 18,650,473	\$ 168,463
Reconciliation associated with passage of time	<u>335,709</u>	<u>3,032</u>
Balance at end of year	<u>¥ 18,986,182</u>	<u>\$ 171,495</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, 2021:

	<u>Japanese Yen</u>	<u>U.S. Dollars</u>
Obligatory contributions:		
Japan	¥ 362,143,000	\$ 3,271,096
ASEAN Member States	51,735,000	467,302
Rent for Permanent Exhibition Hall	34,372,000	310,469
Voluntary contributions:		
Japan	<u>79,011,000</u>	<u>713,675</u>
Total	<u>¥ 527,261,000</u>	<u>\$ 4,762,542</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, 2021 of ¥57,608,800 (\$520,358) consist of ¥55,104,000 (\$497,733) and ¥1,234,800 (\$11,153) for the Permanent Exhibition Hall/Secretariat Office including the Information Corner and the storage in Onarimon, respectively, and ¥1,270,000 (\$11,471) for housing for the Secretary General and three members of ASEAN staff.

Total monthly rents from February 1, 2021 through January 31, 2023 for the Permanent Exhibition Hall/Secretariat Office and Information Corner, the signboard fee and the storage in Onarimon of ¥5,488,000 (\$49,571), ¥60,000 (\$542) and ¥205,800 (\$1,859), respectively, are ¥5,753,800 (\$51,972).

The amount of ¥53,786,800 (\$485,835) 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, 2021. The interest rate is subject to review monthly. The principal amount is payable on March 18, 2022. 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, 2021. The amount of the obligations is ¥1,277,595 (\$11,540) which consists of ¥45,000 (\$406) for investment activities, ¥50,000 (\$452) for research and policy analysis activities, ¥20,000 (\$181) for capacity building activities and ¥1,162,595 (\$10,501) for ASEAN national activities at March 31, 2021.

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 ¥2,552,000 (\$23,051), 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 (\$508,886) and the bank loan of ¥53,786,800 (\$485,835).

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, 2021, 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 ¥1,277,595 (\$11,540) was appropriated for contractual purchase obligations.

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