

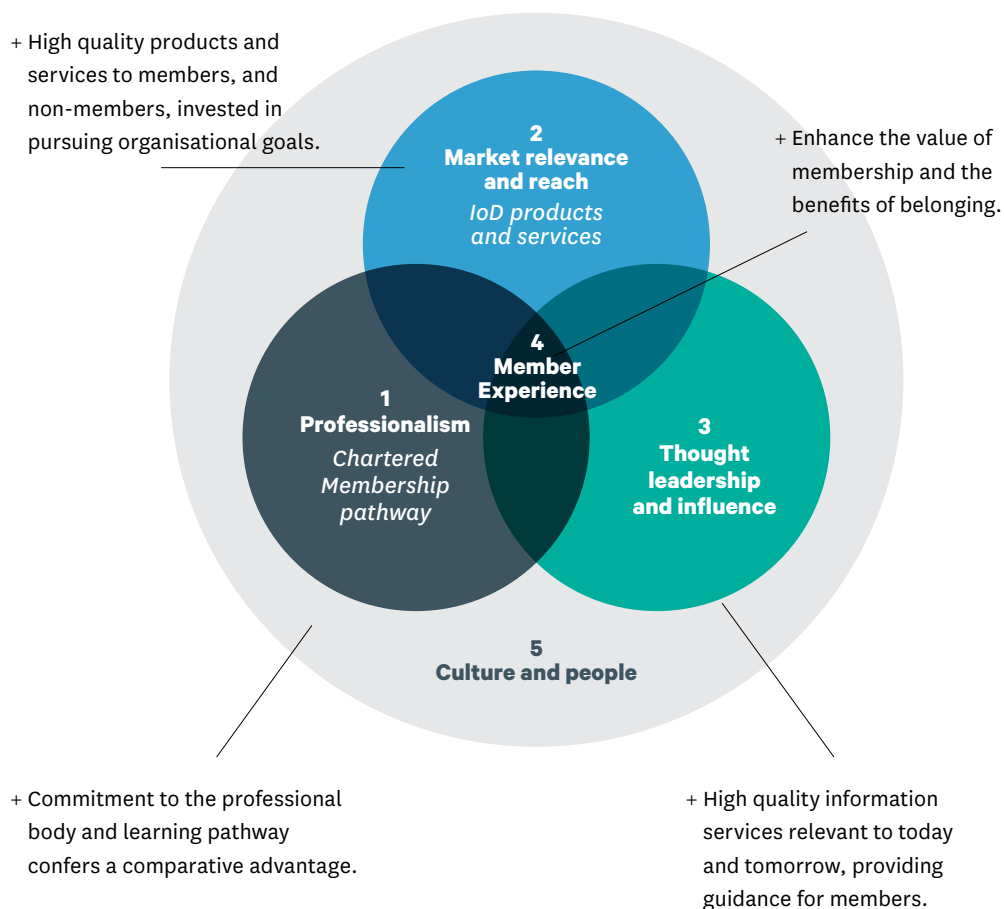
# 2015 Annual Report

**1157 Chartered Members  
+ 8 new courses + 440  
delegates at the annual  
Leadership Conference  
+ 10 new free member  
resources + Over 1000%  
increase in media coverage  
+ 7299 members  
= a year of positive change**

## **Contents =**

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## Value proposition and strategic objectives =



**Our Vision = To be the pre-eminent professional body for people in governance in New Zealand.**

**Our Mission = To raise the standard of governance in all areas of New Zealand business and society.**

## The Positives =



### Total operating revenue =

2010	\$5.1M	+ <b>12.12%*</b> Growth
2011	\$5.5M	
2012	\$6.2M	
2013	\$6.6M	
2014	\$7.9M	
2015	\$8.8M	



### Membership =

2010	5078	+ <b>6.74%*</b> Growth
2011	5297	
2012	5619	
2013	6265	
2014	6838	
2015	7299	



### Market relevance =

- + **117** Director development courses
- + **386** Company Directors Course participants
- + **440** Delegates attended the IoD's annual Leadership Conference



### Advocacy =

- + **3** Practice guides developed for directors - Board Meetings, Cyber-Risk and Conflicts of Interest
- + **5** Directorsbriefs published
- + **6** Submissions to government/regulators on behalf of members

# President's report =

2015 was a year of positive progress for the Institute of Directors.



Strong foundations exist for the future but the IoD must remain committed to ensuring that members are ever better informed, better connected and better armed to meet the modern challenges of directorship.

The year although relatively uneventful from an economic viewpoint, was unprecedented in the speed and force in which organisations needed to operate. It was considered by some economists as frantic – not for the scale of events, but for the speed of technological change, urgency for reinvention and increase in disruption.

The Institute of Directors had and continues to have an important role to play in helping directors face these challenges. We have continued to work intensively to develop the knowledge and tools to assist directors and other stakeholders in governance to understand and apply best practice, develop capability and support the next generation, while still adding value for experienced directors.

Diversity remains a key concern for New Zealand boardrooms and business. The dividend that diversity pays is more robust decision-making in the boardroom and better company performance. We know board diversity is an issue for some large institutional investors in New Zealand companies. We need to be thinking bigger if we want to succeed long-term, and that means developing a strong and meaningful development pathway for people in business to reach senior levels and go on to governance roles.

The year saw heightened awareness of the impact that good governance will have on the success of New Zealand and as such governance is now firmly on the radar for media, government and the private sector. Engagement with all those who will have a direct influence over the standard of governance has been paramount this year and it is with great pleasure that I can say that the IoD has engaged with a greater number of important stakeholders than ever before.

These areas were much of the IoD's work in 2015. We marked a year since the Chartered Membership pathway was

introduced which started a new era of professionalisation. Good directors know the value of professional development. Our members prove their commitment to good governance by engaging in continuing professional development. I am pleased with how our members have embraced this as part of good governance practice.

I was delighted Simon Arcus was formally appointed to the Chief Executive position in July after taking over that key leadership role in December 2014.

I have great confidence in Simon and his total team as the IoD builds and grows on the strong foundations it set during the year.

The IoD must take an active role in raising the standard of governance in order to become the pre-eminent professional body for boards, board members and those supporting them including senior managers. That means relevance in our advocacy programme and engaging on key issues that matter to business.

My thanks also to the IoD Council, the IoD Limited board, branch committees and staff. I want to pay tribute to the work of so many who give of their time to the IoD through committee work.

The IoD is positioned well with further expansion and opportunities for members going into 2016 and I look forward to even greater internal and external engagement in the year ahead.

**Michael Stiasny**  
President, Institute of Directors

## CEO's report =

2015 was a year of change for the IoD. That meant some challenging moments for the organisation and the team was refreshed considerably in the second half of 2015. Our ability to attract quality talent has grown in parallel with our growing market relevance and reach.



IoD members value being part of the New Zealand governance community. Membership rose 6.7% to 7299 in 2015 and engagement, in its many forms, is a critical objective. Providing excellent services and resources for members and the broader community who take up our training remains vital. That includes high quality branch events and new steps in online education.

A healthy branch network gave us 192 events during the year. Branches are a key means of staying connected to our members and support the umbrella initiatives of the IoD.

Our investment in commercial services and education is paying off. Eight brand new courses were developed in 2015. Crucially, many of these were developed off new platforms including online modules and hybrid courses combining face to face and online learning.

Our national sponsors and partners are valued supporters of the IoD. To our pleasure ASB joined us as national partner in April 2015. Entering a partnership with a bank has been an important step in bringing governance knowledge to new stakeholders and underpins the relevance of the IoD to the business community. ASB joins three valued long term sponsors and partners at national level: Marsh Ltd, Chapman Tripp and KPMG.

### + Chartered membership strengthens

We entered our second year of the Chartered Membership pathway. The introduction of a tiered membership structure in October 2014 transformed the IoD from a membership organisation to a professional body. In 2015 we saw the first cohort of members successfully complete the Chartered Membership Assessment. I congratulate those members who have met the benchmark standards and become chartered.

IoD members are distinguished from all others who use the title director by two critical points of difference. First, they belong to the peak professional body for directors and people in governance in New Zealand. Second, they demonstrate their commitment to professionalism by an ongoing CPD programme. Our members expect nothing less than to be considered professionals in governance.

### + Governance advocacy enhanced

The IoD has a role to challenge its members and provide thought leadership on the issues facing business in New Zealand. We strongly stepped up our media presence and advocacy following my permanent appointment as Chief Executive in July 2015. We broadened our positions on subjects as varied as sports and rural governance, SME's, the NZX, diversity, health and safety and the role of regulators. The time has come for the directors' voice to be stronger in business matters of interest to the business community.

### + Delivering on thought leadership: making sure members benefit

The Governance Leadership Centre (GLC) entered its third year and our thought leadership team is a significant value add for members. The GLC made a number of submissions on proposed legislative and regulatory changes on behalf of the interest of members.

The GLC also distills its research into practical information for members. One example of successful thought leadership in 2015 was the publication of the *IoD CyberRisk Practice Guide*. The Guide received accolades from the governance community and Government and provides boards with five useful principles to help them understand and monitor cyber-risk.

We supported this initiative with our *Leading in a Digital Era* course. We remain focused on keeping members informed.

### **+ Expansion of commercial offerings: broader and deeper**

The IoD significantly strengthened its commercial offerings in 2015. Online options now complement face to face training. An expansion of topics, audience range and formats were strategic priorities during the year. Income from services for 2015 was \$8.8 million which was an increase of 12.12% over 2014; subscription revenue increased 9% reflecting the increase in membership and Director Development training revenue was up 15%.

Our newest offering reflects the growth of Maori and iwi-based commerce. Over the next 20 years businesses in New Zealand will be reshaped by this phenomenal growth and the IoD is proud to be part of this.

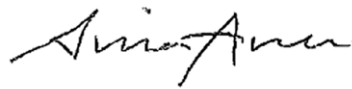
### **+ Key issues to take us into the future**

The year featured strong themes such as cyber resilience, health and safety and diversity. Diversity remains a key concern for the IoD and we offer programmes to achieve greater diversity on boards:

- Future Directors
- Mentoring for Diversity
- The Aspiring and Emerging Director Awards
- Under 40 membership
- Joint initiatives with youth entities to provide pro bono governance or training programmes

As the professional body for directors the IoD will continue to build on its excellent foundations. New Zealand needs directors who are serious about their profession and committed to continuous learning.

I'm surrounded by a great team at the IoD and I acknowledge their significant efforts during the year. We are ready to meet the needs of our members, and are committed to add value to governance in New Zealand.



**Simon Arcus**

Chief Executive Officer, Institute of Directors

## Council =

The Institute of Directors (IoD) is governed by a national council. In March of each year, branch committees elect members to represent them on the national council. The council elects the president and vice president annually.

The Institute of Directors in New Zealand Limited (IoD Ltd) is the commercial arm of the IoD. Its purpose is to ensure our training and services are relevant to the ongoing needs of members and the governance community and perform robustly commercially. IoD Ltd has a separate board structure.



### Michael Stiasny

BCom, CA, LLB, CFInstD [President]

Michael is a Chartered Fellow of the IoD and a Fellow of Chartered Accountants Australia New Zealand. He is a lawyer and senior partner at leading New Zealand specialist independent corporate advisory and turnaround firm KordaMentha. Michael is a director of a number of private and public companies. He is currently chairman of Vector Ltd, Ngati Whatua Orakei Whai Rawa Ltd and TOWER Ltd. Michael is also on IoD Ltd board.



### Liz Coutts

BMS, CA, CFInstD [Vice President]

Liz is Vice President and a Chartered Fellow of the IoD, and on the IoD Ltd board. Liz is chair of Oceania Healthcare Ltd, Ports of Auckland Ltd and Urwin & Co Ltd, and a director of EBOS Group Ltd, Skellerup Holdings Ltd, Yellow Pages Group, Sanford Ltd and Tennis Auckland Region Inc and a member of the Marsh New Zealand Advisory Board.



### Alan Isaac

CNZM, CMInstD

Alan is a Chartered Member of the IoD and chair of Acurity Health Group, New Zealand Community Trust, McGrath Nicol and Partners and Department of Corrections Audit and Risk Committee. Alan is director of Opus International Consultants Ltd, Scales Corporation Limited, Fliway Group Limited, Oceania Healthcare Limited, Isaac Advisory Services Ltd, New Zealand Vault Ltd, Murray Capital General Partner Ltd and Wellington Free Ambulance. Alan is also on IoD's Wellington Branch Committee.



### John McCliskie

CFInstD

John is a Chartered Fellow of the IoD and chair of Heartland Group Ltd, Alandale Orchards Ltd, Network Tasman Ltd, T Seventeen Ltd and director of Nelson Electricity Ltd, Speirs Foods and president International Pomefruit Alliance. John is also the chair of IoD's Nelson Marlborough Branch Committee.



### Ray Polson

BCom, FCA, CFInstD

Ray is a Chartered Fellow of the IoD and chair of Ophir Gold Ltd, MacTodd, New Zealand Shipwreck Relief Trust and Christchurch Ready Mix Concrete Ltd. He is a member of Marsh New Zealand Advisory Board. Ray is also on IoD Ltd board, and a member of IoD's Canterbury Branch Committee.





## Dr Helen Anderson

QSO, CFInstD

Helen is a Chartered Fellow of the IoD and the chair of the Building Research Association of NZ. She is also an independent director on the boards of DairyNZ, Massey University Council, NIWA, Antarctica NZ and Wellington Regional Economic Development Agency (WREDA). She also chairs, or is a member of, the risk and assurance committees for New Zealand Police, and the Department of Internal Affairs, and sits on the Department of Prime Minister and Cabinet's Strategic Risk and Resilience Panel. She is a member of the Advisory Board for ClearPoint Ltd. Helen is also chair of IoD's Wellington Branch Committee.



## Margaret Devlin

BA (Hons), Ch Enviro, FIWO, CFInstD

Margaret is a Chartered Fellow of the IoD. She is chairman of Harrison Grierson and WEL Networks. Margaret is also a director of Waikato Regional Airport Ltd, Titanium Park Ltd, City Care, Meteorological Services of New Zealand and IT Partners Group. Margaret is the independent Chair of Waikato District Council audit committee, a member of the National Infrastructure Advisory Board and the University of Waikato's Finance and Risk Committee. She chairs the IoD's Waikato Branch Committee.



## Julia Hoare

BCom, FCA, MInstD

Julia is a professional independent director. She is deputy chair of The a2 Milk Company Limited, and is a director and chair of the Audit and Risk Committees of AWF Madison Limited and Watercare Services Limited. She is also a director of Port of Tauranga Limited and New Zealand Post Limited. Julia is a member of the External Reporting Advisory Panel and is on IoD's Auckland Branch Committee.



## Glenn Snelgrove

MInstD

Glenn is a director and chair of the Bay of Plenty Local Government Shared Services, and Glenach Ltd. He is a director on Bay Broadband Ltd, and former CEO of Western Bay of Plenty District Council. Glenn is also the chair of IoD's Bay of Plenty Branch Committee.



## Geoff Thomas

LLB, CFInstD

Geoff Thomas is a Chartered Fellow of the IoD, chair of Taieri Gorge Railway Limited, Larnach Castle Limited, Otago Chapter of the Property Council of New Zealand, and Principals Advice and Support Limited. Geoff is a director of Dunedin Casino Limited, Fund Managers Holdings Limited and a Trustee of Royal New Zealand Ballet, Otago Third Age Trust, Age Concern Otago, Ballet Foundation of New Zealand. Geoff is also the chair of IoD's Otago Southland Branch Committee.



## Clayton Wakefield

BSc, PG Dip Mgmt, CMIInstD

Clayton is a Chartered Member of the IoD and is a non-executive director of Chorus Limited, a director of Fisher & Paykel Finance Limited, Consumer Finance Ltd, Consumer Insurance Services Ltd and Retail Financial Services Ltd. Clayton is also the chair of IoD's Auckland Branch Committee.

### + Senior Management Team:

**Chief Executive Officer:** Simon Arcus; **Manager, Membership, Marketing and Communications:** Nikki Franklin; **Manager, Governance Leadership Centre:** Felicity Caird; **Corporate Services Manager:** Chris Fox; **General Manager Commercial (Acting):** Helena Gibson; **Branch Network Manager:** Peter McLellan; **Manager Chartered Pathway:** Tony Southall.

# Corporate governance =

The IoD is governed by an 11 member council, including elected representatives from the IoD's branches. The council is responsible for the overall direction of the IoD's business and affairs on behalf of members.

The council consists of a non-executive president, a non-executive vice president and nine non-executive members. Councillors are elected under the procedures set out in the IoD constitution.

The president carries out a leadership role in the conduct of the council and its relations with members and other stakeholders. The council has delegated the day-to-day leadership and management of the IoD to the chief executive officer, who maintains a close professional relationship with the president.

All members of the council are members of the IoD. Although they do not receive any remuneration in their roles as councillors of the IoD, a number also contribute their expertise as course facilitators and are remunerated in this capacity.

## + IoD Council

The IoD is grateful to the following council members for their contribution in 2015; Michael Stiasny (President), Liz Coutts (vice-president), Dr Helen Anderson, Margaret Devlin, Ray Polson, Julia Hoare, Alan Isaac, John McCliskie, Glenn Snelgrove, Geoff Thomas, Clayton Wakefield and former councillors who stepped down during the year Stuart McLauchlan, Jim Donovan and Warren Dalzell.

## + Committees

To assist in the execution of its responsibilities, the council maintains a number of committees.

The Audit and Risk Committee monitors the IoD's internal controls and financial systems, provides a direct link between council and external auditors, and ensures there are procedures in place to safeguard the IoD's assets and interests. Members of the Audit and Risk Committee in 2015 were Alan Isaac (chair), Helen Anderson, Clayton Wakefield and Ray Polson.

The HR Committee sets, reviews and makes recommendations to council regarding the IoD's remuneration policies and practices. Members of the HR Committee in 2015 were Glenn Snelgrove (chair), John McCliskie, Margaret Devlin and Michael Stiasny.

The IoD also acknowledges the work of the Professional Committee of Margaret Devlin, Julia Hoare, Geoff Thomas and John McCliskie.

We thank Julia Hoare (chair), Clayton Wakefield, Helen Anderson and Margaret Devlin for their efforts on the Governance Leadership Oversight Committee.

The newly established Health and Safety Committee, established in 2015 was comprised of Alan Isaac (chair), Helen Anderson, Clayton Wakefield, Ray Polson and Glenn Snelgrove.

## + IoD Ltd Board (Commercial Board)

A wholly-owned subsidiary of the Institute of Directors Inc, IoD Ltd is the commercial services arm of the IoD and provides training and services to members and non-members. IoD Ltd was governed by a six-person board in 2014 with an IoD council member as chair. The IoD thanks Simon Arcus (chair from August 31), Rangimarie Hunia, Catherine McDowell, Alison Harrison, Liz Coutts, Michael Stiasny and Ray Polson.

Ray Polson stepped down as chair on August 31 but remains on the board. The council president also serves on the board in an ex-officio capacity.

## + 2015 IoD Ltd Board

**Chair:** Ray Rolson BCom, FCA, CFInstD

Liz Coutts BMS, CA, CFInstD; Dr Alison Harrison PhD, MBA, MInstD; Rangimarie Hunia MCom, MInstD; Catherine McDowell CFInstD, Council President and IoD CEO (ex-officio)

## + Professional Standards

The IoD recognises the need for directors to observe the highest standards of behaviour and business ethics when engaging in corporate activity. Both the IoD's council and the IoD Ltd board abide by the principles contained in the *Code of Practice for Directors*.

Our year in review

**Professionalism +  
Market relevance  
and reach + Thought  
leadership and influence**

**= Member  
experience**

# 1. Membership =

Directors' skills, experience, competence and currency of knowledge are their value proposition. Stakeholders, shareholders and our community expect directors to have the skill and knowledge to fulfil their duties and govern effectively. Our services give directors and senior leaders access to a range of resources, best practice guidance and training, vital to enabling them to do their job well and stay ahead of current issues. The IoD assists members to expand their knowledge and connect with others committed to the director profession.

## + Professionalism

The Chartered Membership pathway is a fundamental step in the ongoing professionalism of directors and a key strategy for raising the standard of governance in New Zealand.

October 2015 marked a year since the introduction of the Chartered Membership pathway, and the Continuing Professional Development (CPD) requirement to core membership categories. It aligned the IoD more closely with our trans-Tasman counterpart and goes a long way toward creating a common currency for directors operating on both sides of the Tasman.

The Chartered Membership pathway offers directors who are committed to professionalism meaningful recognition of their experience and expertise. It also offers the market assurance of the quality of directors.

*"I try to add value to the businesses and boards I work with by helping them be the very best they can be, so the very least they should expect this from me, is to try and do the same for myself – engaging in the path to Chartered Member has been an important step in achieving this goal."* Craig Hattle.

## + Branches

The IoD has a regional network of eight branches throughout New Zealand, five in the North Island and three in the South Island with a sub-branch of Wellington on the East Coast. Branches provide networking opportunities through regular events featuring eminent national and international speakers as well as functions tailored to the regional needs. In 2015 there were a variety of speakers at some of the 192 events the branches held during the year.

Membership engagement is expected to grow across all branches in 2016, as branch managers continue to deliver a strong programme of events and other initiatives including the aspiring and emerging director awards.

## + Mentoring for Diversity

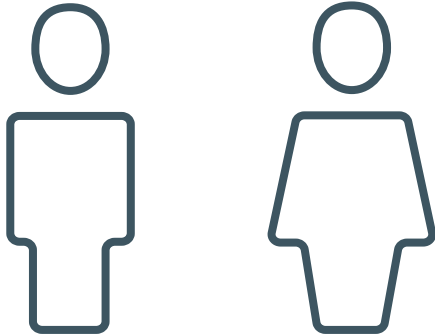
Established in 2011, the programme in the first three years linked 74 high-performing women directors with experienced chairmen and senior directors for mentoring. In 2015 the programme was expanded to reflect a wider diversity with 19 mentees paired with mentors. It now aims to promote diversity in the wider sense including ethnicity, age, skill and experience, in addition to gender.

## + Future Directors

The Future Directors programme founded by Michael Stiasny, Des Hunt and Sir Stephen Tindall helps develop the next generation of directors by providing the opportunity for Future Directors to gain board experience by sitting at the board table of a New Zealand company for a year.

We thank our 2015 Future Director host boards: Auckland International Airport, AWF Group, Fisher & Paykel Healthcare, IANZ, Kordia, Service IQ, The Warehouse, Vector and Mighty River Power.

### Membership gender =



+ **5376** Males + **1923** Female

### Ratio of members to non-members nationally attending events =



+ **5421** Members + **2736** Non-members

### Membership Age =

+ **6.2%** 70 plus

+ **21.5%** 60-69

+ **35.7%** 50-59

+ **26.6%** 40-49

+ **9.7%** 18-39

0.3% Unknown

### Membership category =



+ **786** Associate Member

+ **5137** Member

+ **868** Chartered Member

+ **289** Chartered Fellow

+ **56** Distinguished Fellow

+ **60** Retired Fellow

+ **103** Retired

## 2. Market relevance and reach =

The IoD offers governance training for directors to build their skills, knowledge and keep them up to date to enable them to perform at the board table.

In 2015 eight new courses were developed to support director needs. Rural Governance Essentials was created as an agri-business focused alternative to Governance Essentials. Trialled in Invercargill, demand saw it fill to capacity and rolled out nationally. Leading in a Digital Era helps directors ask the right questions to make informed decisions and take advantage of the opportunities created by the digital era, while Hot Topics for SME Directors is an interactive webinar, tailor-made to address the questions of attendees. A number of other courses were also developed including: Directors' and Officers' Insurance online module, Company Directors' Course Refresher, Public Company Directorship and two Experienced Director Masterclasses - Leading Through a Media Crisis and Health and Safety Reform.

Director Development offerings will broaden further in 2016 with a number of new courses, workshops and online modules due for release.

IoD also experienced steady growth for Boardroom Training solutions. Our Boardroom Training team has further developed their strong core of clients, delivering courses tailored to specific sector needs. Growth in this area is expected to continue during 2016.

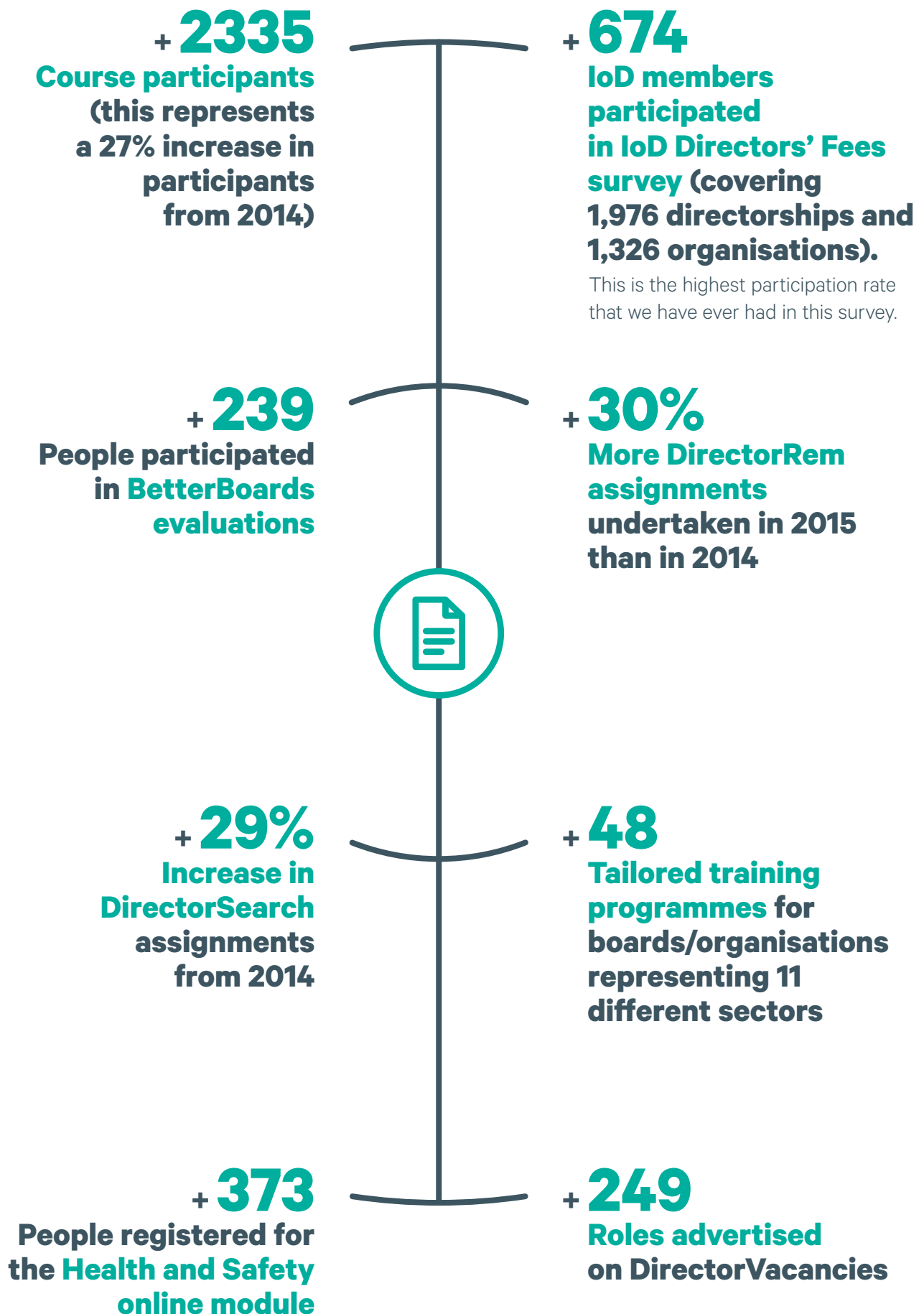
A board has an important role in ensuring longevity and future success of a company. Increasing demands placed on directors to perform, often in complex and challenging environments, is reflected in the increasing number of board assignments.

To support boards the IoD offers a range of Board Services including board and chair evaluation, advice on directors' fees, director recruitment assistance and general consultancy.

The IoD Leadership Conference continues to grow and remains the leading event on the annual calendar. The 2015 conference was the third, and marked the first year where CPD points could be obtained for attending. Attendance was up 30% on previous years with a capacity attendance of 440 delegates. Leading Performers Changing the Game was the theme, an inspirational event comprising of nine local and international speakers, and five workshops.

In 2015 we held our first Leading Directors' Forum, giving leading directors the opportunity to come together with peers and share discussion in the context of global trends in governance. The forum, by invitation only, offered attendees peer to peer learning and networking. 40 senior directors attended the forum in 2015 with post event feedback indicating 95% were highly satisfied, from good to excellent, and would recommend attendance to their peers.

The IoD would like to thank its national sponsors in 2015 – Marsh, ASB, Chapman Tripp and KPMG – and the many valued companies and organisations who support the IoD's branches and events. The governance expertise, networks, and specialist skills our sponsors bring to the relationship help enrich the member experience and help the IoD to succeed.



## 3. Thought leadership and influence =

The IoD provides thought leadership governance to enrich the practice and capability of directorship for organisations in New Zealand.

The IoD's Governance Leadership Centre (GLC) continued to connect directors with research, policy and thought leadership. The GLC aims to extend the IoD's voice and influence in matters of policy and professional relevance. During 2015 six submissions were made to government and regulators. The GLC also took the pulse of the IoD members through the second annual IoD-NZIER Director Sentiment Survey. Members were kept up to date on governance developments and issues affecting directors through five **director briefs** on the future of corporate reporting, health and safety governance, key issues for audit committees, talent strategy and directors' and officers' liability insurance, and a **governance Update** on legislative changes, court decisions and changes and other developments. Three practice guides were produced to help improve governance practice on board meetings, cyber-risk and conflicts of interest.

The IoD regularly engages with mainstream media to strengthen its positioning as a respected player in public policy debate, to advocate on behalf of directors and showcase thought leadership. IoD Chief Executive Simon Arcus regularly comments, and writes opinion pieces, while GLC research and branch and national events are covered in the media.

### + boardWide members

The Institute of Directors and its members are committed to raising the standards of governance in New Zealand, and we encourage organisations to demonstrate their commitment to best practice by becoming **boardWide** members. **boardWide** membership offers directors of participating organisations a 20% reduction in member fees and a waiving of the joining fee. Other benefits include a complimentary subscription to boardroom, a copy of The Four Pillars of Governance Best Practice, and one free advertisement on directorVacancies. To qualify, an organisation must have four or more board directors, all of whom are members of the IoD. CEOs and senior managers can also be included in a boardWide membership.

#### Current boardWide members

3R Group Limited, Abano Healthcare Group Limited, Access Ability Charitable Trust, Accuro Health Insurance, Air New Zealand Limited, Bay Of Plenty Regional Council, Biogro New Zealand Limited, Braemar Hospital Limited, Branz Limited, Canterbury Development Corporation, Central Primary Health Organisation Limited, Exercise Association Of New

Zealand Incorporated, Federated Farmers Of New Zealand Incorporated, Fisher & Paykel Healthcare Corporation Limited, Foodstuffs South Island Limited, Grassroots Trust Limited, Mangere East Family Service Centre Incorporated, Master Plumbers, Gasfitters & Drainlayers Nz Incorporated, New Zealand National Fieldays Society Incorporated, New Zealand School Trustees Association Incorporated, New Zealand Trade And Enterprise, Ngati Rarua Atiawa Iwi Trust Board, Pasifika Futures Limited, Pegasus Health (Charitable) Limited, Rata Foundation, Pelorus Trust, Police & Families Credit Union, Ronin Group Limited, Selwyn District Council, Site Safe New Zealand Incorporated, Te Hau Ora O Kaikohe, Te Korowai O Ngāruahine Trust, Te Runanga A Rangitane O Wairau Incorporated, The Building Officials Institute Of New Zealand Incorporated, The Salvation Army New Zealand, Fiji And Tonga Territory, Theta Systems Limited, Thomsons Timber Supplies Limited, Vector Limited, Vetora Waikato, Victoria University Of Wellington, Waitotahi Contractors Limited, Wintec Student Residence Trust Board, The Selwyn Foundation.



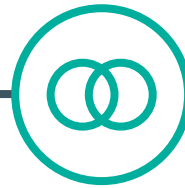


**+ 632**  
**Stories in the media**  
**mentioning the IoD**

**+ 42**  
**Media stories**  
**generated as a result**  
**of the IoD-NZIER**  
**Director Sentiment**  
**Survey Report**



**+ 89.9%**  
**Of conference**  
**attendees rated it**  
**as excellent value**



**+ 60%**  
**Of business**  
**identified**  
**diversity as**  
**important**

(IoD-NZIER Director  
Sentiment Survey)



**+ 190,117**  
**Website visits**  
**in 2015**

**+ 15,843**  
**Average website**  
**visits per month**

## + Audit Report



### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INSTITUTE OF DIRECTORS IN NEW ZEALAND (INCORPORATED)**

#### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Institute of Directors in New Zealand (Incorporated) ("Institute") and group on pages 19 to 23, which comprise the consolidated statement of financial position of Institute of Directors, as at 31 December 2015, and the consolidated statement of comprehensive income and consolidated statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the Member's, 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 Members, as a body, for our audit work, for this report, or for the opinions we have formed.

#### **National Council's Responsibility for the Consolidated Financial Statements**

The National Council are responsible on behalf of the Institute for the preparation and fair presentation of these consolidated financial statements, in accordance with generally accepted accounting practice in New Zealand and that give a fair presentation of the matters to which they relate, and for such internal control as the National Council determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibilities**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Institute's preparation and fair presentation of the consolidated financial statements 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 Institute's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates, as well as the overall presentation of the consolidated financial statements.

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

Our firm carries out other assignments for the Institute in the area of taxation advice. In addition to this, partners and employees of our firm deal with the Institute on normal terms within the ordinary course of trading activities of the business of Institute and its subsidiary. These matters have not impaired our independence as auditors of the Institute. The firm has no other relationship with, or interest in, the Institute.

#### **Opinion**

In our opinion, the consolidated financial statements on pages 19 to 23 present fairly, in all material respects, the financial position of the Institute of Directors as at 31 December 2015, and their financial performance for the year then ended in accordance with generally accepted accounting practice in New Zealand.

A stylized, handwritten-style signature of the word "Deloitte" in blue ink.

**Chartered Accountants**  
11 April 2016  
Wellington, New Zealand

## + Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 \$	2014 \$
Income from Services		8,804,226	7,852,481
Cost of Services		6,764,158	6,411,571
<b>Gross Profit</b>		<b>2,040,068</b>	<b>1,440,910</b>
Interest Income		113,132	138,455
<b>Total Income</b>		<b>2,153,200</b>	<b>1,579,365</b>
Administration Expenses		2,165,909	2,081,975
<b>Total Expenses</b>		<b>2,165,909</b>	<b>2,081,975</b>
<b>Operating Loss before income tax</b>	<b>3</b>	<b>(12,709)</b>	<b>(502,610)</b>
Income tax expense	10	0	0
<b>Loss for the year</b>		<b>(12,709)</b>	<b>(502,610)</b>
<b>Total comprehensive income for the year-net of tax attributable to members</b>		<b>(12,709)</b>	<b>(502,610)</b>
<b>Other comprehensive income</b>		<b>0</b>	<b>0</b>
<b>Loss and total comprehensive income attributable to members</b>		<b>(12,709)</b>	<b>(502,610)</b>

## + Statement of Changes In Equity

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 \$	2014 \$
<b>Loss attributable to members</b>		<b>(12,709)</b>	<b>(502,610)</b>
<b>Total recognised income</b>		<b>(12,709)</b>	<b>(502,610)</b>
Accumulated funds 1 January		1,119,163	1,621,773
<b>Accumulated funds 31 December</b>		<b>1,106,454</b>	<b>1,119,163</b>

## + Statement of Financial Position

FOR THE YEAR ENDED 31 DECEMBER 2015

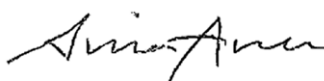
	Note	2015 \$	2014 \$
<b>Current assets</b>			
Cash and Cash equivalents		1,713,305	796,585
Cash on deposit		1,443,752	1,937,777
Trade & other receivables	7	647,915	657,544
Interest receivable		16,303	32,854
<b>Total current assets</b>		<b>3,821,275</b>	<b>3,424,760</b>
<b>Non current assets</b>			
Property, plant & equipment	4	258,210	295,559
Intangible assets	5	140,913	238,705
<b>Total non current assets</b>		<b>399,113</b>	<b>534,264</b>
<b>Total assets</b>		<b>4,220,388</b>	<b>3,959,024</b>
<b>Current liabilities</b>			
Trade & other payables	8	3,113,934	2,839,861
<b>Total current liabilities</b>		<b>3,113,934</b>	<b>2,839,861</b>
<b>Total liabilities</b>		<b>3,113,934</b>	<b>2,839,861</b>
<b>Net assets</b>		<b>1,106,454</b>	<b>1,119,163</b>
<b>Represented by:</b>			
<b>Accumulated funds</b>		<b>1,106,454</b>	<b>1,119,163</b>

The Council of the Institute of Directors in New Zealand Inc authorised these financial statements presented on pages 19 to 23 for issue.



**PRESIDENT**

11 April 2016



**CHIEF EXECUTIVE OFFICER**

11 April 2016

The attached notes form part of and should be read in conjunction with these financial statements

## + Statement of Cash Flow

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 \$	2014 \$
<b>Cash Flows from Operating Activities</b>			
Cash Receipts from Subscriptions & Joining Fees		2,647,023	2,428,924
Cash Receipts from Commercial, Branch Activities & Other		6,296,515	5,634,379
Cash paid to suppliers		(4,767,104)	(4,743,299)
Cash paid to employees		(3,728,936)	(3,491,747)
Net GST paid / (received)		43,464	(16,473)
<b>Net cash flows from operating activities</b>		<b>490,962</b>	<b>(188,216)</b>
<b>Cash flows from investing activities</b>			
Acquisition of investments		(68,267)	(381,919)
<b>Net cash flows used in investing activities</b>		<b>(68,267)</b>	<b>(381,919)</b>
Net (decrease)/increase in cash and term deposits		422,695	(570,135)
Cash and term deposits at beginning of the year		2,734,362	3,304,497
<b>Cash and Term Deposits at end of the year</b>		<b>3,157,057</b>	<b>2,734,362</b>
ANZ current account		335,068	47,438
Consolidated Term Deposits		2,821,989	3,304,497
<b>Cash and Term Deposits at end of the year</b>		<b>3,157,057</b>	<b>2,734,362</b>

The attached notes form part of and should be read in conjunction with these financial statements

## + Notes To The Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015

### 1 General information

The Institute of Directors in New Zealand (Inc) (IoD) provides support and education to directors and aspiring directors. The IoD is a New Zealand incorporated society under the Incorporated Societies Act 1908 and is domiciled in New Zealand. The registered office is located at 50 Customhouse Quay, Wellington.

These financial statements have been adopted by the Council on 11 April 2016.

### 2 Summary of significant accounting policies

#### a Statement of compliance and basis of preparation

These financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand. They comply with the New Zealand Equivalents to International Financial Reporting Standards (NZIFRS) and other applicable Financial Reporting Standards, as appropriate for a public

benefit entity that qualifies for and applies differential reporting exemptions.

The financial statements of the IoD as at and for the year ended 31 December 2015 incorporate the financial statements of their subsidiary IoD Limited (previously known as IODX Limited) which was incorporated on 11 November 2013.

IoD Limited's transactions during the 2015 year are recorded within the accounts of IoD and are separately reported for management purposes. Salaries from 1 April 2014 are accounted to the Inland Revenue Department on a separate IRD PAYE registration number.

The IoD is a qualifying entity within the Framework of Differential Reporting, as it has no public accountability and is not a large entity. The IoD has taken advantage of all differential reporting exemptions available to it.

These statements are prepared on the historical cost basis.

The functional and presentation currency is New Zealand dollars.

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

#### b Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash on deposit with financial institutions with maturities greater than three months are classified as cash on deposit within the statement of financial position.

#### c Goods and services tax

The financial report has been prepared on a goods and services tax exclusive basis, except for accounts receivable and payable which include GST as invoiced.

## + Notes To The Financial Statements *continued*

FOR THE YEAR ENDED 31 DECEMBER 2015

### d Trade receivables

Trade receivables are valued at expected realisable value. A provision has been made for any specific doubtful accounts. Receivables are reviewed on an ongoing basis and debts which are known to be uncollectible are written off. Trade receivables, Cash and cash equivalents and Cash on deposit are the only financial assets of the IoD and are categorised as loans and receivables.

### e Property, plant and equipment

Assets are valued at the aggregate of cost less accumulated depreciation and impairment losses, if any. Cost includes only those directly attributable external costs incurred in obtaining the asset.

Depreciation is calculated on a diminishing value (DV) basis or straight line (SL) basis according to the assets useful life as follows:

Computers and cabling	48% and 20% DV, 33% SL
Furniture and fixtures	20% DV
Office equipment	48% and 20% DV
Fittings to leasehold premises	6.67% SL

### f Intangible assets

Intangible assets consist of software and development costs.

Development costs incurred in the development of new or substantially improved programmes and services are only capitalised if the future economic benefits are certain and the IoD intends to use or sell the service.

Amortisation is recognised in the statement of comprehensive income over the estimated useful lives which are as follows:

Software	48% DV
Other intangibles	20% SL

Research costs are recognised in the statement of comprehensive income in the period in which they are incurred.

### g Revenue recognition

Annual subscriptions are recognised as income in advance when invoiced and recognised as income on a straight line basis over the period of membership. Other income is recognised on an accruals basis. Course income is recognised at the time that the course is held.

### h Director Development income and sponsorship

Income from Director Development courses and sponsorship is accrued as income in advance and recognised in the month of the course and over the term of the sponsorship respectively.

### i Interest income

Interest income is recognised on time-proportion basis using the effective interest method.

The interest rate risk due to possible fluctuations in rates and credit risk is managed by investing with a number of registered banks, for variable terms not exceeding 12 months.

### j Taxation

Tax recognised in the statement of comprehensive income is the estimated income tax payable in the current year, adjusted for any differences from prior years and taking into account any brought forward tax losses available to the IoD.

### k Leased assets

#### *Operating leases*

Payments made under operating leases are recognised in the statement of comprehensive income on a straight line basis over the term of the lease.

### l Employee entitlements

Employee entitlements to salaries and wages, annual leave and other benefits are recognised when they accrue to employees. The liability for salaries, sick leave and annual leave is carried at the amount earned for service in the current and past periods.

A number of employees belong to the KiwiSaver scheme. The IoD's obligations as an employer are limited to any agreed contribution levels and these obligations and contributions will cease if the employee leaves the organisation. These contributions are expensed as incurred.

### m Trade and other payables

These amounts represent liabilities for goods and services provided to the IoD prior to year-end which are unpaid. The amounts are unsecured and are generally paid within 30 days.

Trade payables are the only financial liabilities of the IoD.

### n Deferred revenue

Deferred revenue includes subscriptions, training and sponsorship income received in advance of the provision of the service. This revenue is recognised as the IoD provides the related services.

### o Financial assets

The IoD classifies its financial assets as loans and receivables. Management determines the classification of its financial assets at the initial recognition and re-evaluates this designation at every reporting date.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

They arise when the IoD provides money, goods or services directly to a counterparty with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance date which are classified as non-current assets.

Loans and receivables are initially recognised at fair value plus transaction costs. They are subsequently carried at amortised cost using the effective interest method. Loans and receivables are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the IoD has transferred substantially all the risks and rewards of ownership.

### p Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

### q Management of liquidity & accumulated funds

The IoD's capital consists of accumulated funds. The IoD's management and Council monitor its liquidity and management of cash on a regular basis.

## + Notes To The Financial Statements *continued*

FOR THE YEAR ENDED 31 DECEMBER 2015

### 3 Other Significant Items

The following significant items are included within the operating deficit:

	2015 \$	2014 \$
<b>Income</b>		
Subscriptions	2,647,023	2,428,924
Director Development	4,664,679	4,055,719
Board Services	374,616	420,257
Branch Income	444,269	377,514
<b>Expenditure</b>		
Remuneration	3,728,936	3,491,747
Cost of delivery Director Dev Courses (excl.Salaries)	2,469,735	2,190,418
Cost of Commercial Operations development	124,838	263,954
Rental & Operating Leases	228,633	207,708
Audit Fee	10,500	10,440
Research & Development (excluding Salaries)	14,618	27,507
Depreciation		
Computers and cabling	50,334	46,262
Furniture and fixtures	41,018	34,237
Office Equipment	10,745	9,812
Amortisation		
Intangibles	101,321	30,371
Contributions to defined contribution scheme	88,079	89,979
Development/Enhancement membership system	59,300	38,240
Computer support	154,306	144,220

### 4 Property, Plant and Equipment

		2015 \$	2014 \$
Computers and cabling	Cost	260,592	223,397
	Accumulated depreciation	(170,724)	(120,391)
	<b>Book Value</b>	<b>89,868</b>	<b>103,006</b>
Furniture and fixtures	Cost	357,235	339,123
	Accumulated depreciation	(206,161)	(165,143)
	<b>Book Value</b>	<b>151,074</b>	<b>173,980</b>
Office equipment	Cost	109,029	99,589
	Accumulated depreciation	(91,761)	(81,016)
	<b>Book Value</b>	<b>17,268</b>	<b>18,573</b>
Totals	Cost	726,856	662,109
	Accumulated depreciation	(468,646)	(366,550)
<b>Total book value</b>		<b>258,210</b>	<b>295,559</b>

### 5 Intangible Assets

		2015 \$	2014 \$
Computer software	Cost	273,359	269,838
	Accumulated amortisation	(132,456)	(31,133)
	<b>Book Value</b>	<b>140,903</b>	<b>238,705</b>

### 6 Operating leases

The aggregate operating lease commitments are as follows:

	2015 \$	2014 \$
Current	225,218	204,500
1 - 5 years	316,621	499,964
<b>Total</b>	<b>541,838</b>	<b>704,464</b>

The IoD leases premises and equipment. Operating leases for the Auckland and Wellington property give the IoD the right to renew the lease subject to a redetermination of the lease rental by the lessor. There are no renewal options or options to purchase in respect of equipment held under operating leases.

### 7 Trade and other receivables

	2015 \$	2014 \$
Trade receivables	555,098	562,080
Prepayments	92,817	95,464
<b>Total</b>	<b>647,915</b>	<b>657,544</b>

The IoD has not recognised any loss or provision in respect of bad and doubtful trade receivables during the year ended 31 December 2015 (2014 Nil).

### 8 Trade and other payables

	2015 \$	2014 \$
Trade payables	202,980	259,321
Income received in advance	2,390,872	2,072,543
Accruals	115,687	29,838
Employee entitlements	298,885	416,113
Other payables (GST)	105,510	62,046
<b>Total</b>	<b>3,113,934</b>	<b>2,839,861</b>

### 9 Professional indemnity insurance

The IoD has paid a professional indemnity insurance premium on behalf of its Council members' of \$6,250 (2014 \$6,250).

### 10 Taxation

The IoD has an estimated taxable deficit of \$297,642 over net income, excluding subscriptions, for the year ended 31 December 2015. Following assessment this will be added to the carry-forward loss from 2014, making the carry-forward loss to the tax year ended 31 March 2016 a total of \$1,075,303.

## 11 Contingent liabilities

The IoD has no contingent liabilities at 31 December 2015 (2014 Nil).

## 12 Related parties disclosures

All members, senior management and branch managers are considered to be related parties of the IoD.

During the year, various members received remuneration in their capacity as professional development presenters and for their involvement in accreditation and board advisory services.

Details are as follows:

	2015 \$	2014 \$
Director Development	740,265	555,545
Chartered Member / Accreditation	25,598	49,256
Course review	47,456	136,904
Director fees - IoD Limited	85,000	125,000

### Council members

The total amount paid for services from Council members in their capacity as directors of IoD Limited, included in the totals above, was \$26,667 (2014 \$70,000).

	2015 \$	2014 \$
M Devlin	-	15,000
R Polson	26,667	40,000
J Donovan	-	15,000
<b>Total</b>	<b>26,667</b>	<b>70,000</b>

All Council members are members of the IoD and pay full subscriptions as per ordinary members.

### Branch Committee members

The total amount paid to Branch committee members in their capacity as facilitators, trainers, and / or directors for IoD Limited, included in the totals above, was \$69,791 (2014 \$148,265).

No amounts remain outstanding as at the end of the reporting period.

All transactions have been undertaken at arms-length under normal commercial arrangements.

## 13 Capital commitments

The IoD has no capital commitments as at 31 December 2015 (2014 Nil).

## 14 Events after balance date

There are no significant events which have occurred subsequent to balance date (2014 Nil).

## 15 Financial Instruments

	Loans and receivables at amortised cost \$	Financial liabilities at amortised cost \$	Total \$
<b>2015</b>			
Cash and cash equivalents	1,713,305		1,713,305
Cash on deposit	1,443,752		1,443,752
Trade Receivables (excl. prepayments)	555,098		555,098
Other accounts receivable	16,306		16,306
	<b>3,728,461</b>		<b>3,728,461</b>
Trade payables		202,980	202,980
Accruals		414,572	414,572
		<b>617,552</b>	<b>617,552</b>
<b>2014</b>			
Cash and cash equivalents	796,585		796,585
Cash on deposit	1,937,777		1,937,777
Trade Receivables (excl. prepayments)	562,080		562,080
Other accounts receivable	32,854		32,854
	<b>3,329,296</b>		<b>3,329,296</b>
Trade payables		259,321	259,321
Accruals		445,951	445,951
		<b>705,272</b>	<b>705,272</b>

## 16 Cash Flow reconciliation

	2015 \$	2014 \$
<b>Net Loss as per Statement of Comprehensive Income</b>	<b>(12,709)</b>	<b>(502,610)</b>
Add back non-cash depreciation	203,418	120,682
Less Capital expenditure	(68,267)	(381,919)
Increase in Trade and Other payables	274,073	121,345
Decrease / (Increase) in Trade and Other receivables	26,180	72,367
	<b>422,695</b>	<b>(570,135)</b>
Cash and Term Deposits at the end of the year	3,157,057	2,734,362
Cash and Term Deposits at the beginning of the year	2,734,362	3,304,497
<b>Movement in Cash and Term deposits</b>	<b>422,695</b>	<b>(570,135)</b>



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