



**EXTERNAL REPORTING BOARD**

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*Te Kāwai Ārahi Pūrongo Mōwaho*

## **Annual Report**

**For the year ended 30 June 2012**

Presented to the House of Representatives in accordance with  
section 150(1) of the Crown Entities Act 2004



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## Part 1: Board Overview



## **Introduction**

The External Reporting Board (XRB or Board) is an independent Crown Entity, established under section 22 of the Financial Reporting Act 1993, and subject to the Crown Entities Act 2004.

This annual report for the year ended 30 June 2012 has been prepared and presented in accordance with sections 150(1) and 154 of the Crown Entities Act 2004. It is the first annual report of the XRB and reports against the Board's Statement of Intent for the year.

## **A New Organisation**

The XRB came into existence on 1 July 2011 when it was reconstituted from the Accounting Standards Review Board (ASRB) following amendments to the Financial Reporting Act 1993.

The establishment of the XRB resulted in a significant change to the financial reporting standard setting arrangements in New Zealand. The ASRB had performed restricted statutorily designated functions comprising the review and approval of financial reporting standards, international harmonisation, and the monitoring of developments in financial reporting requirements in New Zealand. The financial reporting standards themselves had been prepared by the Financial Reporting Standards Board of the New Zealand Institute of Chartered Accountants. The ASRB's role had been to approve those standards.

The XRB has a wider mandate than the ASRB. It is responsible for financial reporting strategy, and preparing and issuing both accounting and auditing and assurance standards. This means that all the functions relating to the setting of accounting standards for entities required to comply with generally accepted accounting practice, and auditing and assurance standards for auditors providing assurance required by statute, sit in the one organisation (the XRB) for the first time.

The transition from the ASRB to the XRB has also resulted in a significant change to the method of operations of the organisation. Throughout its history the ASRB operated as a "virtual entity" without either offices or staff. In order to effectively carry out its wider set of functions the XRB requires both physical offices and a full-time permanent staff.

This report therefore covers the first year of what is effectively a new organisation.

## **Board Members**

Under the Financial Reporting Act 1993, the Board is required to consist of not less than four, nor more than nine members appointed by the Governor-General on the recommendation of the Minister of Commerce. Members are required to be qualified for appointment by reason of their knowledge of, or experience in, business, accounting, auditing, finance, economics or law. Members are appointed for a renewable term of up to five years.

The Board Members over the past year are listed in the Appendix to this Annual Report.

## Functions of the XRB

The Board's functions are established by Section 24 of the Financial Reporting Act 1993 and are as follows:

- Developing and implementing an overall strategy for financial reporting standards (both accounting and auditing and assurance standards), including developing and implementing tiers of financial reporting);
- Preparing and issuing accounting standards, and giving directions as to the accounting policies that have authoritative support within the accounting profession in New Zealand;
- Preparing and issuing auditing and assurance standards, including the professional and ethical standards, that will govern the professional conduct of auditors; and
- Liaising with national and international organisations that exercise functions that correspond with, or are similar to, those conferred on the XRB.

The performance framework developed by the Board to give effect to these functions is outlined in Part 2 of this Annual Report.

## Organisational Structure

The Board has established two standard setting boards to assist it undertake its functions:

- The New Zealand Accounting Standards Board (NZASB) is responsible for accounting standard setting; and
- The New Zealand Auditing and Assurance Standards Board (NZAuASB) is responsible for auditing and assurance standard setting.

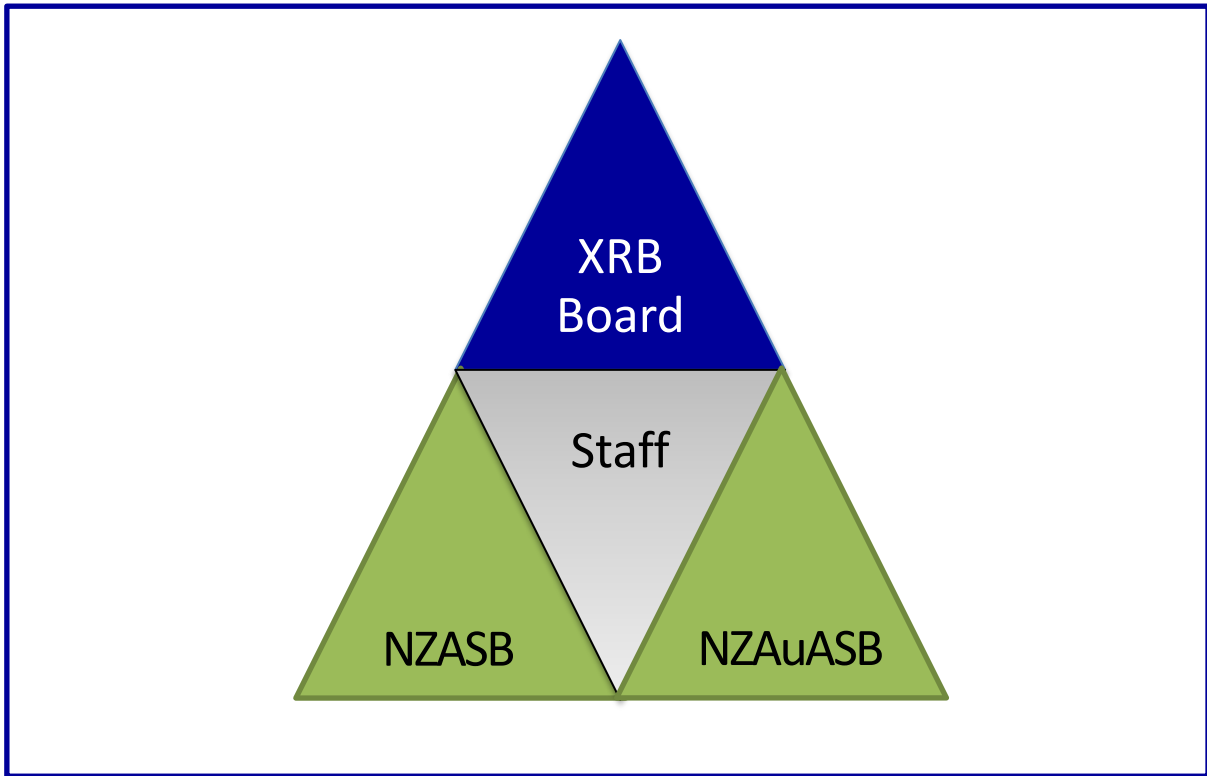
These two standard setting boards are Committees of the Board appointed in accordance with the provisions of Schedule 5 of the Crown Entities Act 2004. They are part-time, remunerated boards, and comprise up to ten suitably qualified and experienced persons with a diversity of perspective. They have delegated authority from the Board to develop and issue accounting and auditing standards respectively. The members of the two standard setting boards over the past year are listed in the Appendix to this Annual Report.

This structure is designed to not only ensure that technical resources are available and that standard setting is undertaken in accordance with best practice, but also to enhance functional equivalence with Australia.

The Board and the two standard setting boards are supported by a small staff team as illustrated in Figure 1.



**Figure 1: XRB Organisational Structure**



## **Key Achievements**

The XRB's main strategic focus over the year has been in the following areas:

- Logistical and technical transition;
- Progression of the new accounting standards framework;
- Development of new accounting standards
- Enhancements to the suite of auditing and assurance standards;
- Maintenance of the current suite of accounting and auditing and assurance standards;
- Harmonisation with Australia; and
- Stakeholder engagement and communications.

The main activities undertaken in each of these areas are outlined below.

### **Logistical and Technical Transition**

Establishing the new organisation and ensuring it is fulfilling its statutory functions effectively and efficiently has been a key strategic objective for the Board for this year.

The Board's initial priority was to ensure that the technical and logistical transition from the ASRB to the XRB occurred as seamlessly as possible.

As far as the logistical transition was concerned, a lot of work was done in the period leading up to 1 July 2011 to establish premises, recruit staff and put in place other logistical arrangements. This was achieved with the cooperation of the incoming staff and a number of organisations including, in particular, the New Zealand Institute of Chartered Accountants. It meant that for all intents and purposes the XRB was fully operational on 1 July 2011.

The second priority was to establish two standard setting boards - the New Zealand Accounting Standards Board and the New Zealand Auditing and Assurance Standards Board. This was achieved in the lead up to the XRB's establishment. The two standard setting boards met for the first time in July 2011 and have met regularly during the year.

As far as the technical transition was concerned the priority was to ensure that there was a seamless transfer of standards from the old to the new arrangements. In the case of the accounting standards this occurred automatically because the standards had been issued by the ASRB and there was legal continuity between the ASRB and the XRB. However, the auditing and assurance standards had previously been issued by the New Zealand Institute of Chartered Accountants and had no legal standing. The XRB therefore met on 1 July to consider and approve a suite of auditing and assurance standards (amended appropriately) that were carried across from the previous regime.

The logistical and technical transition was effectively completed by the end of July allowing the XRB to "hit the ground running".

## **Accounting Standards Framework**

The second strategic priority for the Board during the year was to progress the Accounting Standards Framework.

In September 2009, the ASRB issued a Discussion Document outlining a proposed new approach to standard setting. This accompanied a Ministry of Economic Development Discussion Document that outlined proposals for a new legislative financial reporting framework.

After carefully considering submissions on its document, the ASRB agreed tentative proposals for a new Accounting Standards Framework based on a multi-standards approach. These proposals were considered and confirmed by the XRB soon after it came into existence. The Board then finalised a Position Paper which outlined the rationale for the multi-standards approach.

The Position Paper concluded that the needs of users of financial statements cannot be adequately addressed by a single set of accounting standards applying to all entities required to prepare General Purpose Financial Reports (GPFR). The Paper then outlined the Board's proposal to adopt a new accounting standards framework consisting of two sets of accounting standards: one to be applied by entities with a for-profit objective; and the other to be applied by public benefit entities (PBEs - public sector and not-for-profit entities without a profit objective).

The Board also finalised two Consultation Papers: the first seeking comment on the details of the proposed accounting standards framework for for-profit entities; and the other seeking comment on the details of the proposed accounting standards framework for PBEs.

The Position Paper and the two Consultation Papers were issued in September 2011, immediately following the Government's announcement of a new legislative financial reporting framework. A three month consultation period was established in accordance with normal practice. An extensive communication and briefing process, including a Road Show, was also undertaken to raise awareness and encourage submissions.

The Board carefully considered the feedback on the Consultation Papers before making final decisions about the new Accounting Standards Framework. Those decisions were reflected in a document entitled "Proposals for the New Zealand Accounting Standards Framework". This incorporated the Draft Tier Strategy required to be prepared by the Board in accordance with section 34A of the Financial Reporting Act 1993. The document was submitted to the Minister of Commerce in March 2012 in accordance with the requirements of that Act, and approved by him on 2 April 2012. A copy of the approved document is available at [www.xrb.govt.nz](http://www.xrb.govt.nz).

The finalisation of the new multi-standards Accounting Framework was a significant milestone. It was the culmination of nearly three years work to establish a new user-oriented platform for financial reporting in New Zealand for the coming decades.

## **Development of New Accounting Standards**

The New Zealand Accounting Standards Board has spent a good deal of the year developing the suites of standards necessary to give effect to the emerging new Accounting Standards Framework. Of particular note is the development of a draft suite of PBE Accounting Standards for public sector entities which were issued as an exposure draft in June 2012. The PBE Accounting Standards will be new to New Zealand and their development has required a significant amount of effort. Developing them in parallel with the Accounting Standards Framework consultation process has allowed the publication of proposals for the implementation of the new Framework soon after final decisions on the tier structure were made.

A proposed suite of revised standards for for-profit entities was also completed and issued as an exposure draft in April 2012.

Significant work was also undertaken during the year to develop simple format reporting standards for not-for-profit entities. This work is in anticipation of the new financial reporting legislation that is expected to require all registered charities (including small charities) to prepare their financial statements in accordance with XRB accounting standards.

## **Auditing and Assurance Standards Enhancements**

In accordance with the provisions of the Financial Reporting Act 1993, the suite of Auditing and Assurance Standards approved by the XRB Board on 1 July 2011 reflected the standards on issue by the New Zealand Institute of Chartered Accountants at that time. However, some of these standards, specifically the Professional and Ethical Standards, were out of date.

The key strategic priority for the New Zealand Auditing and Assurance Standards Board for the year has been to develop revised Professional and Ethical Standards for auditors that reflect the current international standards and best international practice. This work culminated in the release of an exposure draft in May 2012.

## Maintenance of Current Standards

In addition to the work undertaken to progress the new Accounting Standards Framework and develop new Professional and Ethical Standards for auditors, the existing standards frameworks were also maintained during the year. This involved issuing in New Zealand exposure drafts and standards issued by the international standard setting bodies, most notably the International Accounting Standards Board (IASB), the International Auditing and Assurance Standards Board (IAASB) and the International Ethics Standards Board for Accountants (IESBA).

All relevant pronouncements from these Boards have been issued in New Zealand in the appropriate form during the year.

In addition the XRB has provided comment on relevant exposure drafts and other documents issued for comment by the above international boards and the International Public Sector Accounting Standards Board (IPSASB). This included commenting on three particularly significant projects: the IASB's Agenda Consultation exercise which sought views on what should be the IASB's priorities over the next few years; the IPSASB's conceptual framework project; and the IAASB's auditor reporting review.

## Harmonisation with Australia

An important factor influencing the XRB's work is harmonisation of relevant for-profit accounting standards, and auditing and assurance standards, with Australia. Promoting the Government's Single Economic Market (SEM) objectives<sup>1</sup>, particularly the short-term goal of a single set of accounting standards for for-profit entities, has been a key driver for this work.

The harmonisation objective was reflected in the XRB's work over the year in a number of ways:

- The establishment of the New Zealand Accounting Standards Board and the New Zealand Auditing and Assurance Standards Board has allowed a functional equivalence to be established with their Australian counterparts. Cross-appointments of the respective Chairs to each other's Board were also approved and came into effect in early July 2011;
- The Accounting Standards Framework for for-profit entities developed by the Board will result in a harmonised Reduced Disclosure Regime for for-profit entities not required to comply with full IFRS. This will complete the trans-Tasman harmonisation of for-profit accounting standards;

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<sup>1</sup> The Single Economic Market Outcomes Framework agreed by the New Zealand and Australian Governments in August 2009 includes a specific section on financial reporting.

- The New Zealand Accounting Standards Board and the Australian Accounting Standards Board continued to work together to maintain the set of harmonised IFRS standards that were established in early 2011; and
- The two auditing and assurance standards boards began the process of developing a set of harmonised auditing and assurance standards, which will also be converged with international standards, for adoption in both countries. While not a specific SEM Outcome Goal, achieving harmonised auditing and assurance standards is consistent with the intent of the Government's SEM objectives.

The Board notes that the Government does not have an expectation of harmonisation of public benefit entity (PBE) accounting standards. The Board concurs with this view. The Board considers it unlikely that harmonisation of PBE accounting standards can be achieved in the short to medium term. This is because there are different existing arrangements and different reporting pressures in each country. However, it is an area that the XRB is keeping under consideration. In this context the Board notes that the Australian Financial Reporting Council (FRC) has established a Public Sector Financial Reporting Task Force to consider some strategic issues. The XRB Chairman is a member of that Task Force and participates fully in its work.

The XRB is an active participant in the Trans-Tasman Accounting and Auditing Standards Advisory Group (TTAASAG). The XRB Chairman was TTAASAG Chairman during the first half of the year.

The XRB Chairman is also a member of the FRC and the Chairman of the FRC is a member of the XRB.

## Stakeholder Engagement and Communications

The XRB has a statutory obligation to consult with the constituency before issuing accounting or auditing and assurance standards. The Board is fully committed to following appropriate due process and considers this an essential part of the standard setting process.

However, the Board considers that the XRB's engagement with its constituency (affected groups such as preparers and users of financial statements as well as the New Zealand accounting profession) needs to be meaningful and proactive. A strategic priority for the year has therefore been to develop a presence in the "market place" and to build relationships with key stakeholder groups. Significant progress was made in this regard.

The Board also developed a strategy for on-going engagement with the wider constituency. This involves a number of different mechanisms including the establishment of an External Reporting Advisory Panel, the formation of which occurred during the year.

Another key initiative has been a move to open meetings. Both the XRB and its two standard setting sub-boards now undertake the majority of the non-governance part of their meetings in open session which members of the public are able to attend as observers. In addition the agenda papers for those parts of the meetings are available for download from the XRB website ([www.xrb.govt.nz](http://www.xrb.govt.nz)) as are the relevant minutes.

Significant effort was also put into developing effective methods of communication with the constituency, particularly through the use of modern technology.

## Looking Forward

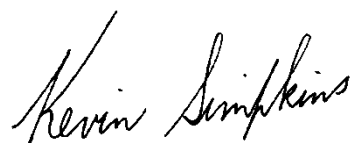
In the Board's view a significant amount has been achieved in just the first year of the XRB's existence. Those achievements set the platform for further significant progress over the coming years.

Much of that future work is, at least in part, dependent on the enactment of legislative amendments to give effect to the Government's financial reporting framework announcements. The Board looks forward to that enactment and the platform it will provide for the development of financial reporting practice in New Zealand.

## Acknowledgements

The Board would like to thank the members of its two standard-setting boards – the New Zealand Accounting Standards Board and the New Zealand Auditing and Assurance Standards Board - for their significant contribution to the work of the XRB during the year.

The Board would also like to recognise the efforts and dedication of the staff team in progressing the Board's strategic priorities during the year.



Kevin Simpkins  
Chairman



## **Part 2: Performance Report**





# The XRB Performance Framework

## Introduction

As part of its establishment process the Board developed an overall performance framework to guide both the organisation's strategic direction and its day-to-day operations.

The performance framework for the 2011-12 financial year was contained in the Statement of Intent for that year and is illustrated in Figure 1.<sup>2</sup>

## Outcome Goal

The XRB's 2011-12 performance framework reflected the government's economic development outcome goal for that year, which was: *the creation of dynamic and trusted markets*.

A precondition for dynamic and trusted markets is effective public accountability and good corporate governance. This applies in all sectors (for-profit, public sector and not-for-profit) and in this sense "markets" needs to be viewed in a wider multi-sectoral context rather than being limited to a commercial context.

Good corporate governance requires, among other things, systems and processes that encourage the management of entities to behave in ways that are fully consistent with the interests of shareholders or other stakeholders. To that end, one of the main purposes of financial reports is to promote the accountability of the senior management of an entity to those who own it, either directly (e.g. shareholders in the case of companies or members in the case of not-for-profit entities) or indirectly (e.g. taxpayers in the case of government entities). There is often accountability to a wider range of stakeholders as well, for example debt security holders in the case of issuers of securities, service recipients in the case of public sector entities, and donors in the case of charities.

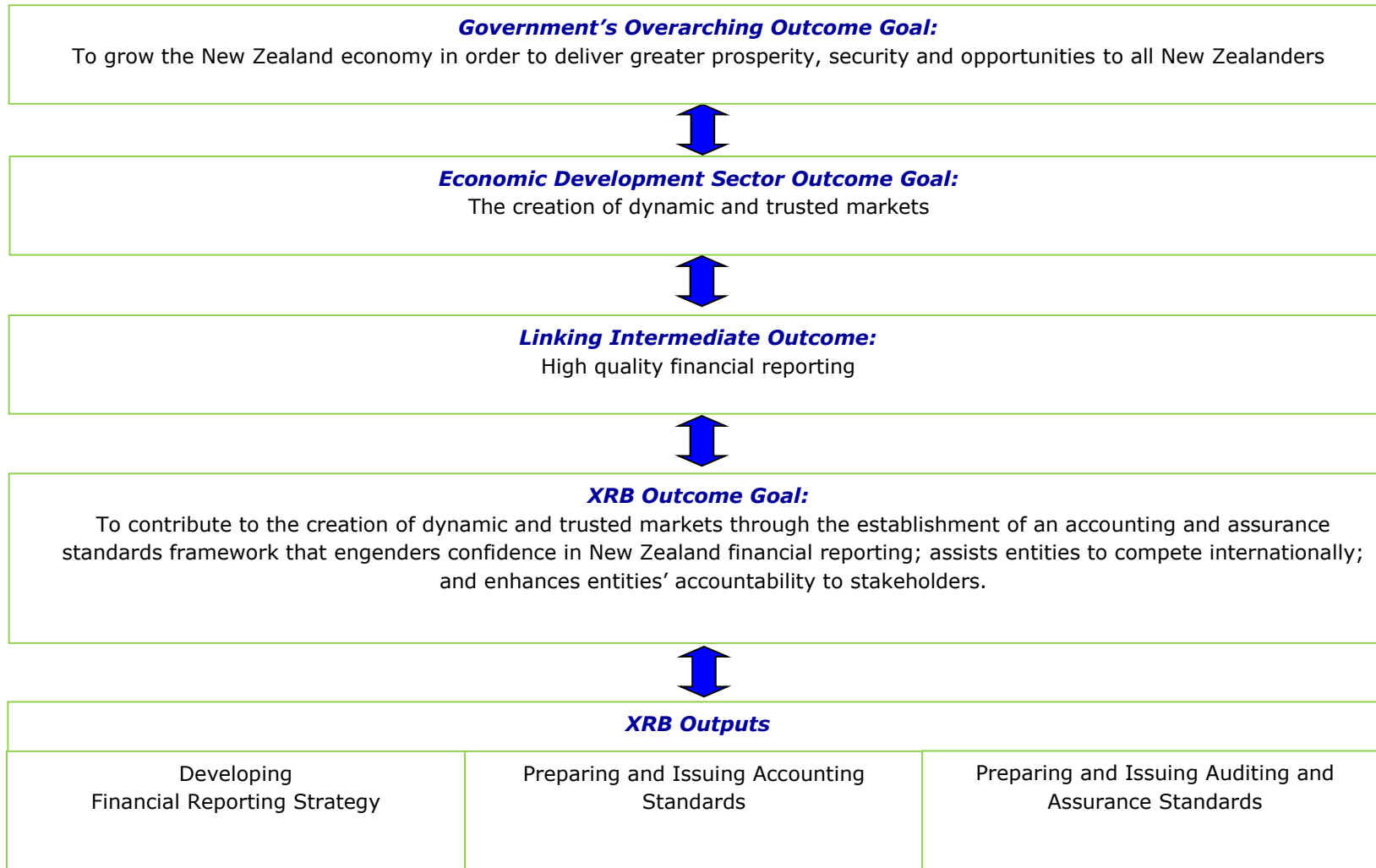
High quality financial reporting (incorporating both financial and, where relevant, non-financial elements) that informs the decision-making of stakeholders is important to achieving effective public accountability and good corporate governance, and through them dynamic and trusted markets (in the broadest sense). To achieve this, financial reporting needs to be of a quality that engenders stakeholder confidence in the information received; assists entities to compete (particularly internationally, for example by reducing the cost of funds through the use of generally recognised accounting approaches); and enhances accountability (through the transparency provided).

High quality financial reporting can only be achieved if the rules on which it is based (accounting standards) are reliable and based on clear and sound economic principles, are mutually consistent, can be readily applied by preparers and can be understood by users; and the assurance provided on that information is similarly based on standards that require robust and independent examination by assurance providers.

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<sup>2</sup> This performance framework has been modified slightly for the 2012-13 financial year, in part to reflect changes to the Government's overall outcome goal and that established for the economic development sector. The modified performance framework is included in the 2012-15 Statement of Intent which is available at [www.xrb.govt.nz](http://www.xrb.govt.nz).

**Figure 2: XRB Outcome/Output Performance Framework**



A necessary condition for high quality financial reporting is high quality accounting and assurance standards. It is through the issuing of such standards that the XRB contributes to Government's outcome goal for the economic development sector.

With this in mind the Board adopted the following outcome goal:

*To contribute to the creation of dynamic and trusted markets through the establishment of an accounting and assurance standards framework that:*

- engenders confidence in New Zealand financial reporting*
- assists entities to compete internationally*
- enhances entities' accountability to stakeholders.*

## Outputs

The Board has defined three outputs that it will deliver in order to influence its outcome goal:

- Developing financial reporting strategy;
- Preparing and issuing accounting standards; and
- Preparing and issuing auditing and assurance standards.

These outputs also reflect the Board's statutory functions.

### ***Financial Reporting Strategy***

The financial reporting strategy output reflects a new function for the Board. It encompasses establishing, and then implementing, an overall standard setting strategy.

At the overall strategy level this output involves ensuring that the specific needs of New Zealand users and entities in all sectors are reflected in the reporting requirements contained in the accounting and auditing and assurance standards.

In the short-term this output involves the establishment of a new Accounting Standards Framework, and the strategic parameters for the development of auditing and assurance standards.

Much of the work of the XRB, particularly the accounting standards and auditing and assurance standards outputs, will be driven by this standard setting strategy output.

### ***Accounting Standards***

The accounting standard output involves developing, consulting on, issuing and amending accounting standards. This is an on-going activity of the XRB which is carried out by the New Zealand Accounting Standards Board within the parameters established by the XRB Board.

The new Accounting Standards Framework will have a significant impact on the number and nature of standards developed under this output in coming years.

### ***Auditing and Assurance Standards***

The auditing and assurance standard output involves developing, consulting on, issuing and amending auditing and assurance standards. This is an on-going activity of the XRB which is carried out by the New Zealand Auditing and Assurance Standards Board within the parameters for those standards established by the XRB Board.

During the year the Minister of Commerce authorised the XRB to issue "Other Assurance Standards" using his powers under section 24 (1)(b)(v) of the Financial Reporting Act. These Standards, which are issued by the New Zealand Auditing and Assurance Standards Board, cover assurance engagements other than audits or reviews of historical financial information.

## **Planned and Achieved Performance**

### **Purpose of this Section**

This section outlines the XRB's planned performance for the 2011-12 financial year (as specified in the 2011-2014 Statement of Intent, a copy of which is available at [www.xrb.govt.nz](http://www.xrb.govt.nz)), together with a summary of the actual performance delivered compared to that planned performance. More detailed performance information for the year is provided in Parts 3 and 4 of this Annual Report.

### **Outcome Goal**

The XRB's outcome goal for the period was:

*To contribute to the creation of dynamic and trusted markets through the establishment of an accounting and assurance standards framework that engenders confidence in New Zealand financial reporting, assists entities to compete internationally, and enhances entities' accountability to stakeholders.*

During the year this outcome goal was adopted as a de-facto mission statement for the organisation. It is used as the lens through which the organisation considers accounting standards and auditing and assurance standards issues.

A large number of factors influenced the achievement of the Government's Overarching Outcome Goal, the Economic Development Sector Outcome Goal, the Linking Intermediate Outcome and the XRB Outcome Goal during the year. Many of these were outside the control or influence of the XRB. Accordingly, the XRB has not sought to establish the specific causal link between these outcomes, or to establish measures, targets and benchmark information for them. The XRB considers the relationship between the Overarching Outcome Goal, the Economic Development Sector Outcome Goal, the Intermediate Outcome and the XRB Outcome Goal is clear, as is the nature of its contribution to these outcomes through the issuing of standards.

In the XRB's view the cost of developing detailed outcome and impact performance measures would outweigh the accountability value of such information. Further such

information would likely give a false indication of the degree of influence the XRB has over these outcomes.

However, the XRB is concerned with positively influencing the outcomes and significant focus and effort is applied to achieving this. This includes monitoring likely outcome contribution through cost effective means. This monitoring, which includes the monitoring of qualified audit opinions referred to the Registrar of Companies, is designed to allow the XRB to assess in a general way the extent to which the strategies adopted and the standards issued by the XRB are consistent with the XRB's Outcome Goal.

In this context the Board notes the data in the Global Competitiveness Report produced by the World Economic Forum. One of the Index measures is the "strength of auditing and reporting standards", a measure that directly relates to the work of the XRB. In the 2012-13 edition New Zealand is ranked 3<sup>rd</sup> in the world with a score of 6.2 out of 7.<sup>3</sup> Although the index is based on perception, the Board considers it a potentially useful indicator of the quality of its accounting and auditing standards and therefore a measure of outcome achievement.

## Output Delivery

The XRB specified three outputs for the year in its Statement of Intent and Output Agreement:

*Output 1: Developing Financial Reporting Strategy.*

*Output 2: Preparing and Issuing Accounting Standards.*

*Output 3: Preparing and Issuing Auditing and Assurance Standards.*

All three outputs were delivered during the year. The extent of delivery is shown in the Statement of Service Performance provided in Part 3 of this Annual Report. No significant variations to the outputs as specified in the Statement of Intent and Output Agreement occurred.

The completion of the main deliverable in Output 1 (the new Accounting Standards Framework) was an important milestone. The new framework will set the platform for general purpose financial reporting in New Zealand for the foreseeable future.

The deliverables in Outputs 2 and 3 are, in large part, dependent on the work of the international standard setting boards. The output from the international boards was less than expected during the year and this was reflected in the XRB's output. However, this freed up resources to address strategic standard setting developments (see Part 1 of this Annual Report) which were significantly progressed during the year.

## Ownership Performance

### **Scope of Business**

The XRB's planned scope of business for the year was:

*Financial reporting and assurance standard setting and associated strategy setting functions.*

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<sup>3</sup> <http://reports.weforum.org/global-competitiveness-report-2012-2013/#>; Index 1.19 on page 275.

The XRB's actual scope of business fell within the planned scope of business at all times during the year.

### ***Financial Performance***

Financial statements for the year are provided in Part 4 of this Annual Report. A summary of the XRB's financial performance for the year is provided in the table below.

<b>Financial Measure</b>	<b>2011/12 Budget (\$000)</b>	<b>2011/12 Actual (\$000)</b>
<i>Revenue</i>	4,435	4,463
<i>Expenses</i>	4,409	3,396
<i>Operating Surplus</i>	26	1,067
<i>Equity</i>	1,223	1,802
<i>Net Cash Flows from Operating</i>	150	1,426
<i>Net Increase in Cash</i>	490	1,247

### *Operating*

The reasons for the major variations in specific expense items are outlined in Note 23 to the financial statements on page 52 of this Annual Report.

In recognition of the one-off reasons for this significant operating surplus, and the fact that the XRB's revenue comes almost entirely from the Crown, the Board has advised the Minister of its intention to repay the 2011- 12 Operating Surplus to the Crown in the amount of \$1,065,000.

The Board has also undertaken a zero-based review of its expense profile over the medium term. This has shown that the existing level of Crown output funding (\$4.41 million) is necessary to support the XRB's operations now that it is fully staffed and operating on an on-going, full-operation basis.

### *Capital Expenditure*

The XRB's capital expenditure for the year was modest (\$80,000) and related to the acquisition of office furniture and equipment as part of the establishment of the XRB as a physical organisation. The Board does not expect there to be significant capital expenditure in future years.

### *Acquisitions*

The XRB did not acquire shares or interests in companies, trusts or partnerships or joint ventures during the period.

### *Level of Capitalisation*

During the two financial year period 2010-12 the Board received capital contributions from the Crown totalling \$1.195 million to fund the physical establishment of the XRB.

The Board undertook a review of its medium term capital needs during the year. This indicated that the XRB had more capital than the Board considered necessary for it to operate efficiently. The Board therefore made a return of capital to the Crown of

\$470,000 during the year. This return, together with the fact that the XRB will not retain any operating surplus for 2011-12, means that the XRB's level of capitalisation will only be 60% of that originally envisaged when the decision to establish the XRB was made.

### **Organisational Capability**

The key capability initiatives planned for, and achieved during, the year are outlined in the table below. In summary, all the capability initiatives were achieved.

<b>2011/12 Budget</b>	<b>2011/12 Actual</b>
<i>Establishment of well-functioning standard setting sub-Boards</i>	The two standard setting boards, the NZASB and the NZAuASB, were established soon after the XRB came into existence. Both Boards met for the first time in July 2011 and have been meeting regularly thereafter.
<i>Establishment of a physical organisation including premises in Wellington and Auckland</i>	The XRB's Wellington and Auckland offices were established on 1 July 2011 and have been fully functional throughout the year.
<i>Hiring a near full complement of staff</i>	It proved difficult to recruit suitably qualified and experienced standard setting staff for the new organisation – a historical problem in New Zealand. This resulted in a number of vacancies during the year. However, the organisation was fully staffed at year end with all 15 positions filled.

### **Management of Organisational Risks**

The XRB's key risk management initiatives planned for the year, together with the actions taken in the year, are outlined in the following table.

<b>Risk</b>	<b>2011/12 Budget</b>	<b>2011/12 Actual</b>
<i>Loss of property and equipment</i>	<i>Insurance of property, plant and equipment</i>	Insurance cover acquired
<i>Loss of key staff</i>	<i>Cross training</i>	Cross training begun
<i>Loss of key data and records</i>	<i>Off site backup</i>	In place

## **Other Matters**

### **Employer Information**

#### **Workforce Profile**

The 2011/12 financial year was the first year of the XRB operations. During the year the XRB employed twelve new permanent staff and two part-time staff members. One permanent staff member resigned during the year. There were no vacancies at 30 June 2012.

The XRB's workforce profile is as follows:

<b>Workforce component</b>	<b>2011/12</b>
Employees	15
Part-time	14%
Women	87%
Women in Management Team	75%
Non-Pakeha Ethnicity	60%
Maori	0%
Employees with Disabilities	0%

### ***Good Employer Information***

The XRB is an equal opportunity employer and supports and endorses the principles underlying equal opportunity and good employer legislation. The XRB values its employees who are its key resource, and strives to provide a caring, supportive and parent friendly environment which provides equal opportunities for all.

With respect to the seven key elements of being a good and equal opportunity employer the XRB reports as follows:

#### *Leadership, Accountability and Culture*

As a new organisation the XRB has had the unique opportunity to develop the vision and culture of the organisation from the very start of the organisation. In doing so the XRB has deliberately established a culture which embraces the "one team" concept. We value hard work, working together as "one team" and celebrating our successes. Accordingly, all members of the staff team are involved in the creation of the vision, the establishment of work programmes and priorities, the sharing of team achievements, and participating in shaping the future of the organisation.

#### *Recruitment, Selection and Induction*

The XRB operates open and public recruitment processes. Candidates of varying skills and backgrounds are encouraged to apply. The XRB appoints staff solely on the basis of qualifications, experience, understanding of the standard setting process and ability to operate within the one team organisational culture. The XRB does not consider age, ethnicity, gender or physical disabilities as part of the appointment process. Nevertheless the staff team is ethnically, gender and age diverse; comprises a majority of women; and includes women in the majority of the senior leadership roles.

All new employees undergo an induction process to ensure that they are given the best possible introduction to the role and responsibilities, and the organisational culture of the XRB.



### *Employee Development, Promotion and Exit*

There is a high degree of interaction between persons in senior leadership roles and other staff. This is designed, amongst other things, to assist with the development of all staff. In addition a deliberate, organised mentoring approach to develop the standard setting skills of staff with less standard setting experience is operated.

The technical and personal development and training of all staff is encouraged and supported. The XRB considers such development to be an essential part of maintaining standard setting capability as well as necessary for the personal motivation and engagement of individual staff members.

A formal process of establishing annual performance agreements and undertaking annual performance reviews (as well as informal performance discussions during the year) is operated. This forms the basis for on-going dialogue between managers and staff and is also used as the basis for addressing good and poor performance, including remuneration reviews.

### *Flexibility and Work Design*

The XRB operates in three geographical areas to ensure that we are able to recruit and retain the best possible staff regardless of their location. The organisation has two part time staff members and permits staff to work remotely where appropriate. The XRB is output rather than input focused and operates a policy of flexible hours designed to accommodate the needs of its staff.

### *Remuneration, recognition and conditions*

Staff salaries are reviewed by the Chief Executive on an annual basis, taking into account individual performance, market conditions, and any advice from the State Services Commission relating to remuneration setting. External providers are used to provide job sizing and market data to ensure that remuneration is market related.

The XRB's gender pay gap (excluding the Chief Executive) is 9%. The gender pay gap for the staff involved in standard setting (the main professional group in the XRB) is -1% (or 1% in favour of women).

### *Harassment and Bullying Prevention*

The External Reporting Board has zero tolerance for any form of bullying or harassment, and no instances have occurred during the year. A guidance document is currently being developed for managers and staff should an event occur in the future.

### *Safe and Healthy Environment*

The XRB promotes a positive work environment that celebrates events in peoples lives and encourages healthy, positive interaction between staff members.

The XRB is committed to ensuring that staff are kept safe and healthy. The External Reporting Board has trained first aiders and fire wardens. All offices have a civil defence emergency kit and all staff are encouraged to be prepared in the event of a natural disaster. Workplace assessments, and appropriate desk equipment, are provided to ensure employee's comfort at their desks.

All staff are encouraged to take their annual leave in the period they earn it.

### **Other Information Required by the Crown Entities Act 2004**

In relation to the requirements of section 151 of the Crown Entities Act, 2004:

- The Board was not given any direction by a Minister under any enactment during the financial year;
- The Board did not undertake any transactions that were in breach of statute but validated in accordance with section 20 of the Crown Entities Act, 2004;
- The Board did not grant permission to any Board Member to act despite being interested in a matter in accordance with section 68 of the Crown Entities Act, 2004.



## Part 3: Service Performance



## Statement of Service Performance for the Year Ended 30 June 2012

<b>Output Class</b>	<b>2011/12 Budget</b>	<b>2011/12 Actual</b>
<b>Description</b>	Financial reporting and assurance standard setting and associated strategy setting functions	All activities undertaken during the year were within this description
<b>Cost (\$000)</b>	4,410	3,396
<b>Revenue from the Crown (\$000)</b>	4,410	4,410
<b>Revenue from Others (\$000)</b>	25	53

<b>Output 1: Developing Financial Reporting Strategy</b>	<b>2011/12 Budget</b>	<b>2011/12 Actual</b>
<b>Quantity</b>		
Finalised financial reporting framework	1 issued	Accounting Standards Framework, incorporating the Tier Strategy approved by the Minister of Commerce, issued
Finalised reporting tiers structure	1 submitted for Ministerial approval	Draft Tier Strategy submitted to the Minister of Commerce and approved by the Minister
<b>Quality</b>		
Financial reporting framework is consistent with the Government's trans-Tasman outcome goals	100% consistent	Accounting Standards Framework 100% consistent. Results in harmonisation of For-profit Tier 1 and Tier 2 standards
Tier structure is established in accordance with statutory requirements	100% compliance	Draft Tier Strategy submitted to the Minister 100% compliant with the legal requirements for the strategy
<b>Timeliness</b>		
Financial reporting framework	31 December 2011	Accounting Standards Framework finalised March 2012*
Tier structure	Within statutory deadline: expected to be 31 December 2011	The final statutory deadline was 31 March 2012. The draft tier strategy was submitted to the Minister of Commerce on 22 March 2012

\*The finalisation of the Government's policy framework for financial reporting (on which the XRB's Financial Reporting Framework is dependent) was later than expected.

In addition to the final Accounting Standards Framework and Tier Strategy issued (as outlined in the table), the following documents were also issued during the year:

- XRB Standards relating to financial reporting framework: 4
- Position Papers: 1
- Consultation Papers: 2
- Exposure Drafts relating to the Accounting Standards Framework: 2
- Submissions to national or international standard setting boards: 5
- Submissions to other organisations: 3

<b>Output 2: Preparing and Issuing Accounting Standards</b>	<b>2011/12 Budget</b>	<b>2011/12 Actual</b>
<b>Quantity</b>		
Number of International Accounting Standards Board (IASB) standards and related documents issued	All relevant: expected to be 5-10	8 standards emanating from the IASB were issued
Number of other accounting standards and related documents issued	15-25	Nil; a large number of other standards were developed to exposure draft stage during the year (see below) but none were issued as final standards
<b>Quality</b>		
Statutory due process requirements followed	All standards	All standards issued during the year were subject to due process
Standards reflect relevant international standards with departures only to improve quality	All standards	All standards issued during the year reflected the corresponding international standard
<b>Timeliness</b>		
Standards issued in time for the commencement date to be no later than the international commencement date (where relevant)	All standards	All standards issued during the year had a commencement date no later than the international commencement date

In addition to the accounting standards issued (as outlined in the table), the following documents relating to accounting standards were also issued during the year:

- Explanatory Guides: 2
- Exposure Drafts: 60 (this includes exposure drafts for the new suites of standards required to give effect to the new Accounting Standards Framework)
- Submissions to national or international standard setting boards: 6

<b>Output 3: Preparing and Issuing Auditing and Assurance Standards</b>	<b>2011/12 Budget</b>	<b>2011/12 Actual</b>
<b>Quantity</b>		
Number of initial standards issued on establishment	45-50	41 Auditing & Assurance Standards were carried over from the New Zealand Institute of Chartered Accountants and issued (with some non-substantive amendments) as XRB Standards in July & August 2011
Number of new International Auditing and Assurance Standards Board standards and related documents issued	All relevant: expected to be 4-8	Nil; no new standards were issued by the International Board during the year.
Number of Other Assurance Standards and related documents issued	2-5	Nil; no new standards were issued by the International Board during the year.
<b>Quality</b>		
Statutory due process requirements followed	All standards	All standards issued during the year were subject to due process
Standards reflect relevant international standards with departures only to improve quality	All standards	All standards issued during the year reflected the corresponding international standard
<b>Timeliness</b>		
Standards issued in time for the commencement date to be no later than the international commencement date	All standards	All standards issued during the year had a commencement date no later than the international commencement date

In addition to the auditing and assurance standards issued (as outlined in the table), the following auditing and assurance documents were also issued during the year:

- Explanatory Guides: 2
- Exposure Drafts: 9
- Submissions to national or international standard setting boards: 4
- Submissions to other organisations: 2





# Part 4: Financial Statements



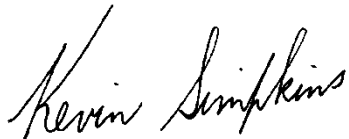
## **External Reporting Board Statement of Responsibility For the Year Ended 30 June 2012**

In terms of the Crown Entities Act 2004, the Board is responsible for the preparation of the External Reporting Board's financial statements and the Statement of Service Performance, and for the judgements made in them.

The Board has the responsibility for establishing, and has established, a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the Board's opinion, these financial statements and the Statement of Service Performance fairly reflect the financial position and operations of the External Reporting Board for the year ended 30 June 2012.

For the External Reporting Board  
10 October 2012



**Kevin Simpkins**  
Chairman



**Graeme Mitchell**  
Deputy Chair

## External Reporting Board Statement of Financial Performance For the Year Ended 30 June 2012

	Notes	XRB Actual 2012 \$	XRB Budget 2012 \$	ASRB Actual 2011* \$
<b>Income</b>				
Revenue from the Crown	(1)	4,410,000	4,410,000	1,350,000
Interest received		53,018	25,000	34,838
		4,463,018	4,435,000	1,384,838
<b>Expenses</b>				
Personnel Costs		1,600,268	2,210,800	53,050
Board Fees	(2)	602,532	682,500	212,317
Travel		283,453	300,000	37,836
Contributions to International Standards Boards		275,000	250,000	250,000
General Operating Costs		196,703	505,000	61,247
Occupancy Costs		162,052	161,250	0
Professional Fees		98,018	60,000	395,204
Depreciation and Amortisation	(3)	78,254	54,827	0
Website / IT Costs		74,236	160,000	11,570
Audit Fees		25,839	25,000	8,000
Financial Reporting Standards Development		0	0	550,000
		3,396,355	4,409,377	1,579,224
<b>Total Comprehensive Income</b>	(4)	<b>1,066,663</b>	<b>25,623</b>	<b>(194,386)</b>

Explanations of major variances to budget are provided in note 23.

The Statement of Accounting Policies and the Notes to the Financial Statements form part of and are to be read in conjunction with the Statement of Financial Performance.

\* The comparative 2011 figures are for the Accounting Standards Review Board (ASRB) which became the External Reporting Board on 1 July 2011. Unlike the XRB, the ASRB was a "virtual entity" which had no premises and one staff member commenced in April 2011. The different nature of the two organisations needs to be borne in mind when making inter-year comparisons.

## External Reporting Board Statement of Financial Position As at 30 June 2012

	Notes	XRB Actual 2012 \$	XRB Budget 2012 \$	ASRB Actual 2011* \$
<b>Equity</b>		<b>1,801,971</b>	<b>1,222,618</b>	<b>835,308</b>
<b>Current Assets</b>				
Cash at Bank	(5)	1,506,904	952,445	216,759
Receivables	(6)	29,142	0	84,608
Prepayments		20,832	0	7,014
Investments	(7)	500,000	0	0
<b>Total Current Assets</b>		<b>2,056,878</b>	<b>952,445</b>	<b>308,381</b>
<b>Current Liabilities</b>				
Payables	(8)	461,772	120,000	371,621
Bank Overdraft	(9)	43,271	0	0
Employee Entitlements	(10)	88,002	0	0
Rent Incentive	(11)	14,451	0	0
<b>Total Current Liabilities</b>		<b>607,496</b>	<b>120,000</b>	<b>371,621</b>
<b>Working Capital</b>		<b>1,449,382</b>	<b>832,445</b>	<b>(63,240)</b>
<b>Non-Current Assets</b>				
Property Plant & Equipment	(12)	393,116	390,173	392,887
Intangible Assets	(13)	6,794	0	5,661
Investments		0	0	500,000
<b>Total Non-Current Assets</b>		<b>399,910</b>	<b>390,173</b>	<b>898,548</b>
<b>Non-Current Liabilities</b>				
Rent Incentive	(11)	47,321	0	0
<b>Total Non-Current Liabilities</b>		<b>47,321</b>	<b>0</b>	<b>0</b>
<b>Total Net Assets</b>		<b>1,801,971</b>	<b>1,222,618</b>	<b>835,308</b>

Explanations of major variances to budget are provided in note 23.

The Statement of Accounting Policies and the Notes to the Financial Statements form part of and are to be read in conjunction with the Statement of Financial Position.

\* The comparative 2011 figures are for the Accounting Standards Review Board (ASRB) which became the External Reporting Board on 1 July 2011. Unlike the XRB, the ASRB was a "virtual entity" which had no premises and one staff member commenced in April 2011. The different nature of the two organisations needs to be borne in mind when making inter-year comparisons.

## External Reporting Board Statement of Movements in Equity For the Year Ended 30 June 2012

	Notes	XRB Actual 2012 \$	XRB Budget 2012 \$	ASRB Actual 2011* \$
<b>Equity as at 1 July</b>		835,308	826,995	204,694
Total Comprehensive Income		1,066,663	25,623	(194,386)
Capital Contribution from the Crown		370,000	370,000	825,000
Return of Capital to the Crown		(470,000)	-	-
<b>Equity as at 30 June</b>		<b>1,801,971</b>	<b>1,222,618</b>	<b>835,308</b>

The Statement of Accounting Policies and the Notes to the Financial Statements form part of and are to be read in conjunction with the Statement of Movements in Equity.

- \* The comparative 2011 figures are for the Accounting Standards Review Board (ASRB) which became the External Reporting Board on 1 July 2011. Unlike the XRB, the ASRB was a "virtual entity" which had no premises and one staff member commenced in April 2011. The different nature of the two organisations needs to be borne in mind when making inter-year comparisons.

## External Reporting Board Statement of Cash Flows For the Year Ended 30 June 2012

Notes	XRB Actual 2012 \$	XRB Budget 2012 \$	ASRB Actual 2011* \$
<b>Cash Flows from Operating Activities</b>			
<i>Cash was provided from:</i>			
Revenue from the Crown	4,410,000	4,410,000	1,350,000
Interest received	43,365	25,000	33,786
	<b>4,453,365</b>	<b>4,435,000</b>	<b>1,383,786</b>
<i>Cash was disbursed to:</i>			
Payments to employees	1,512,266	2,210,800	53,050
Payments to suppliers	1,559,968	1,823,750	780,874
Contributions to International Standards Boards	275,000	250,000	250,000
Net payment of Goods and Services Tax	(320,359)	0	(46,250)
FRS Development Funding	-	-	550,000
	<b>3,026,875</b>	<b>4,284,550</b>	<b>1,587,674</b>
<b>Net Cash Flow from Operating Activities</b>	<b>1,426,490</b>	<b>150,450</b>	<b>(203,888)</b>
<b>Cash flows from Investing Activities</b>			
<i>Cash was provided to:</i>			
Investment	0	0	500,000
Property, Plant & Equipment	75,224	30,000	151,053
Intangibles	4,392	0	5,661
	<b>79,616</b>	<b>30,000</b>	<b>656,714</b>
<b>Net Cash Flow from Investing Activities</b>	<b>(79,616)</b>	<b>(30,000)</b>	<b>(656,714)</b>
<b>Cash Flows from Financing Activities</b>			
<i>Cash was provided from:</i>			
Contribution from the Crown	370,000	370,000	825,000
Return of Capital to the Crown	(470,000)	0	0
	<b>(100,000)</b>	<b>370,000</b>	<b>825,000</b>
<b>Net Cash Flow from Financing Activities</b>	<b>(100,000)</b>	<b>370,000</b>	<b>825,000</b>
Net Increase/Decrease in Cash	1,246,874	490,450	(35,602)
Add Opening Cash Balance	216,759	461,995	252,361
<b>Closing Cash Balance</b>	<b>1,463,633</b>	<b>952,445</b>	<b>216,759</b>

The Statement of Accounting Policies and the Notes to the Financial Statements form part of and are to be read in conjunction with the Statement of Cash Flows.\* The comparative 2011 figures are for the Accounting Standards Review Board (ASRB) which became the External Reporting Board on 1 July 2011. Unlike the XRB, the ASRB was a "virtual entity" which had no premises and one staff member commenced in April 2011. The different nature of the two organisations needs to be borne in mind when making inter-year comparisons.

# External Reporting Board

## Statement of Accounting Policies

### For the Year Ended 30 June 2012

#### (a) Reporting Entity

The Board was established by the Financial Reporting Act 1993. All members of the Board are appointed by the Governor General on the recommendation of the Minister of Commerce.

The Board is an Independent Crown Entity under the Crown Entities Act 2004. It is responsible for financial reporting strategy, and preparing and issuing both accounting and auditing and assurance standards. This includes all the functions relating to the setting of accounting standards for entities required to comply with generally accepted accounting practice, and auditing and assurance standards for auditors providing assurance required by statute.

Accordingly, the Board has designated itself as a public benefit entity for the purposes of New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS").

The financial statements for the Board are for the year ended 30 June 2012, and were approved by the Board on 10 October 2012.

#### (b) Basis of Preparation

##### *Statement of Compliance*

The financial statements of the Board have been prepared in accordance with the requirements of Section 154 of the Crown Entities Act 2004, which includes the requirement to comply with New Zealand generally accepted accounting practice ("NZ GAAP"). Specific disclosures under section 152 of the Crown Entities Act 2004 are disclosed in the notes to the financial statements.

The financial statements comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

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

##### *Measurement base*

The accounting principles recognised as appropriate for the measurement and reporting of results and financial position on a historical cost basis have been applied.

##### *Functional and presentation currency*

The financial statements are presented in New Zealand dollars. The functional currency of the Board is New Zealand dollars.

##### *Changes in accounting policies*

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

#### (c) Significant Accounting Policies

##### *Revenue*

Revenue is measured at the fair value of consideration received or receivable. Revenue is recognised when earned and is reported in the financial period to which it relates.

##### *Revenue from the Crown*

The Board is primarily funded through revenue received from the Crown, which is restricted in its use for the purpose of the Board meeting its objectives as specified in the Statement of Intent.

##### *Interest*

Interest income is recognised using the effective interest method.



### *Cash and cash equivalents*

Cash and cash equivalents include cash on hand and deposits held at call with banks with maturities of less than three months.

### *Debtors and other receivables*

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Impairment of a receivable is established when there is objective evidence that the Board will not be able to collect amounts due according to the original terms of the receivable.

### *Property, Plant & Equipment*

Property, plant and equipment consists of the following asset classes; furniture and fittings, plant and equipment, property improvements and computer equipment.

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the External Reporting Board and the cost of the item can be measured reliably.

Purchases of property, plant and equipment are initially recorded at cost.

Items of property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may overstate fair value.

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

The costs of day to day servicing of property, plant and equipment are recognised in the surplus as they are incurred.

Depreciation is calculated so as to write off the cost over the expected useful lives of the assets from the date they are brought into use.

Straight line depreciation is charged at the following rates:

- |                          |       |
|--------------------------|-------|
| • Furniture and Fittings | 10.5% |
| • Plant and Equipment    | 30%   |
| • Property Improvements  | 7%    |
| • Computer Equipment     | 40%   |

### *Intangible Assets*

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. The External Reporting Board does not capitalise any internal costs incurred in the development of software for internal use.

Costs associated with maintaining computer software are recognised as an expense when incurred.

The carrying value of an intangible asset with a finite life is amortised on a straight line basis over its' useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each financial year is recognised in the surplus. Straight line amortisation is charged on intangibles at the following rates:

- |                     |     |
|---------------------|-----|
| • Computer Software | 40% |
|---------------------|-----|

### *Investments*

#### *Bank deposits*

Investments in bank deposits are initially measured at fair value plus transaction costs. After initial recognition investments in bank deposits are measured at amortised cost using the effective interest method, less any provision for impairment.

### *Creditors and other payables*

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

### *Employee Entitlements*

#### *Short term employee benefits*

Employee benefits that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date and annual leave earned but not yet taken at balance date.

A liability and expense are recognised for bonuses where there is a contractual obligation.

#### *Superannuation schemes*

##### *Defined contribution schemes*

Obligations for contributions to Kiwisaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus as incurred.

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

All items in the financial statements are presented exclusive of GST, except for receivables and payables, which are presented on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, Inland Revenue is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IR is classified as an operating cash flow in the statement of cash flows.

#### *Income Tax*

The Board is exempt from the payment of income tax. Accordingly, no charge for income tax has been provided for.

#### *Budget figures*

The budget figures are derived from the Statement of Intent as approved by the Board at the beginning of the financial year. The budget figures have been prepared in accordance with NZ IFRS, using accounting policies that are consistent with those adopted by the Board for the preparation of the financial statements.

#### *Development Funding*

Obligations in relation to development funding of Financial Reporting Standards were recognised when agreed services had been provided, at rates allowed for in formal purchasing agreements.

#### *Financial Instruments*

The Board is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short term deposits, receivables and payables. All financial instruments are recognised in the Statement of Financial Position and all revenues and expenses in relation to financial instruments are recognised in the Statement of Financial Performance.

#### *Operating Leases*

Leases that do not transfer substantially all the risks and rewards incidental to ownership of an asset to the External Reporting Board are classified as operating leases and payments are recognised as an expense in the Statement of Financial Performance when payable. The External Reporting Board has operating leases on its two premises at 50 Manners Street, Wellington and 55 Shortland Street, Auckland.

## External Reporting Board Notes to the Financial Statements For the year ended 30 June 2012

### 1. Revenue from the Crown

The Board has been provided with funding from the Crown for the specific purposes as set out in its founding legislation and the scope of the relevant government appropriations. Apart from these general restrictions, there are no unfulfilled conditions or contingencies attached to government funding (2011: nil).

### 2. Board Fees

The Board Fees include the following fees paid to Board Members.

	Meetings Attended 2012	Board Fees 2012 \$	Other Fees 2012 \$	XRB Total 2012 \$
<i>Total meetings held for the year</i>	8			
Simon Carey	7/8	16,619	737	17,356
Neil Cherry	8/8	20,000	63,852	83,852
Annabel Cotton	8/8	22,950	0	22,950
Michele Embling	8/8	18,290	86,230	104,520
Graeme Mitchell	8/8	19,562	16,770	36,332
Kevin Simpkins	7/8	20,378	62,510	82,888
Ralph Simpson	6/8	15,000	0	15,000
Ken Warren	6/8	0	0	0
Lyn Wood (FRC)	7/8	0	0	0
<b>Total Board Fees</b>		<b>132,799</b>	<b>230,099</b>	<b>362,898</b>

The Australian Financial Reporting Committee (FRC) representative on the XRB is not remunerated by the XRB. Ken Warren is a state servant and accordingly is not remunerated as a Board member.

Other fees are payments made in relation to time spent on other matters over and above attendance at Board meetings. In the case of Michele Embling, and Neil Cherry this mostly reflects their roles as Chairs of the NZASB and NZAuASB respectively. In the case of Graeme Mitchell this mostly reflects his role as Deputy Chair of the NZAuASB. In the case of Kevin Simpkins it reflects his role as XRB Chairman.

The Other Fees paid to Kevin Simpkins, Michele Embling and Neil Cherry also includes time spent as a member of the relevant Australian board (FRC, AASB and AUASB respectively).

	Meetings Attended 2011	Board Fees 2011 \$	Other Fees 2011 \$	ASRB Total 2011 \$
<i>Total meetings held for the year</i>	8			
Simon Carey	8/8	20,060	4,432	24,492
Michele Embling	8/8	20,150	15,925	36,075
Jeffrey Lucy (FRC)	3/5	0	0	0
Graeme Mitchell	8/8	19,470	6,447	25,917
Kevin Simpkins	8/8	19,737	78,317	98,054
Ralph Simpson	7/8	16,225	11,554	27,779
Ken Warren	7/8	0	0	0
<b>Total Board Fees</b>		<b>95,642</b>	<b>116,675</b>	<b>212,317</b>

### Board Committee Remuneration:

The External Reporting Board has two Committees - the New Zealand Accounting Standards Board (NZASB) and the New Zealand Auditing and Assurance Board (NZAuASB). The remuneration of members of these Boards (other than members who are also members of the XRB) is as follows:

<b>NZASB</b>	<b>Meetings Attended 2012</b>	<b>Board Fees 2012</b>	<b>Other Fees 2012</b>	<b>XRB Total 2012</b>
		\$	\$	\$
<i>Total meetings held for the year</i>	11			
Stephanie Allan	10/11	21,875	0	21,875
Carolyn Cordery	10/11	20,730	5,832	26,562
Kimberley Crook	11/11	29,375	0	29,375
Clyde D'Souza	11/11	27,187	0	27,187
Karl Hickey	10/11	21,840	0	21,840
Robert Nelson	9/11	19,830	7,670	27,500
Angela Ryan	9/11	0	0	0
Greg Schollum	10/11	0	0	0
Kevin Stevenson (AASB)	7/11	0	0	0
<b>Total Committee Fees</b>		<b>140,837</b>	<b>13,502</b>	<b>154,339</b>

The Australian Accounting Standards Board (AASB) representative on the NZASB is not remunerated by the XRB. Angela Ryan and Greg Schollum are state servants and accordingly are not remunerated as a Board member.

<b>NZAuASB</b>	<b>Meetings Attended 2012</b>	<b>Meeting Fees 2012</b>	<b>Other Fees 2012</b>	<b>XRB Total 2012</b>
		\$	\$	\$
<i>Total meetings held for the year</i>	6			
Robert Buchanan	5/6	12,500	625	13,125
Craig Fisher	6/6	15,000	1,250	16,250
Roy Glass	6/6	0	0	0
Merran Kelsall (AUASB)	5/6	0	0	0
Pat Heslin	5/6	12,500	0	12,500
John Kensington	6/6	15,000	0	15,000
Karen Shires	6/6	14,670	0	14,670
Rowena Sinclair	5/6	13,750	0	13,750
<b>Total Committee Fees</b>		<b>83,420</b>	<b>1,875</b>	<b>85,295</b>

The Australian Auditing and Assurance Standards Board (AUASB) representative on the NZAuASB is not remunerated by the XRB. Roy Glass is a state servant and accordingly is not remunerated as a Board member.

### 3. Depreciation and Amortisation

	XRB Actual 2012 \$	ASRB Actual 2011 \$
<b>Depreciation and Amortisation</b>		
Depreciation	74,995	-
Amortisation	3,259	-
<b>Total Depreciation and Amortisation</b>	<b>78,254</b>	<b>-</b>

### 4. Reconciliation of Total Comprehensive Income to net cash flow from Operating Activities

	XRB Actual 2012 \$	ASRB Actual 2011 \$
<b>Total Comprehensive Income</b>	1,066,663	(194,386)
Depreciation and Amortisation	78,254	0
<i>Add/(less) movements in working capital items relating to operating activities:</i>		
Employee entitlements	88,002	0
Prepayments	(13,818)	(6,414)
Payables	151,923	81,520
Receivables	55,466	(84,608)
<b>Net Cash from Operating Activities</b>	<b>1,426,490</b>	<b>(203,888)</b>

### 5. Cash at Bank

	XRB Actual 2012 \$	ASRB Actual 2011 \$
<b>Cash at Bank</b>		
Cash at call	1,506,704	216,559
Cash on hand	200	200
<b>Total Cash at Bank</b>	<b>1,506,904</b>	<b>216,759</b>

This large cash balance is being held in anticipation of a distribution of the surplus to the Crown after balance date.

## 6. Receivables

	<b>XRB Actual 2012 \$</b>	<b>ASRB Actual 2011 \$</b>
Trade receivables	19,488	0
GST receivable	0	83,556
Interest accrual	9,654	1,052
<b>Total Receivables</b>	<b>29,142</b>	<b>84,608</b>

The carrying value of receivables approximates their fair value. There are no past due receivables - all receivables are current. There have been no bad debts recognised as an expense in the Statement of Financial Performance during the current year (2011: \$nil).

As at 30 June 2012, all receivables have been assessed for impairment and no provisions are required.

## 7. Investments

	<b>XRB Actual 2012 \$</b>	<b>ASRB Actual 2011 \$</b>
BNZ Term Deposit	500,000	500,000
<b>Total Investments</b>	<b>500,000</b>	<b>500,000</b>

The term deposit matures on 14 December 2012 and carries an interest rate of 4.8% p.a. The carrying amount of term deposits approximates their fair value.

## 8. Payables

	<b>XRB Actual 2012 \$</b>	<b>ASRB Actual 2011 \$</b>
Creditors	166,917	335,049
Accruals	58,052	36,572
GST payable	236,803	-
<b>Total Payables</b>	<b>461,772</b>	<b>371,621</b>

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

## 9. Bank overdraft

	<b>XRB Actual 2012 \$</b>	<b>ASRB Actual 2011 \$</b>
Bank overdraft	43,271	0
<b>Total bank overdraft</b>	<b>43,271</b>	<b>0</b>

The bank overdraft occurred on 29 June 2012 - the only time during the financial year - as a result of a return of capital to the Crown of \$470,000 being paid just before year end. This was rectified on 2 July 2012. The External Reporting Board had \$1,506,704 at call at 30 June 2012.

## 10. Employee Entitlements

	<b>XRB Actual 2012 \$</b>	<b>ASRB Actual 2011 \$</b>
Holiday Pay Accrual	70,505	-
Accrued Salaries and Wages	17,497	-
<b>Total Employee Entitlements</b>	<b>88,002</b>	<b>-</b>

There were no comparatives for employee entitlements at 30 June 2011 as all staff but one commenced at the External Reporting Board effective 1 July 2011; there were no outstanding amounts at 30 June 2011.

## 11. Rent Incentive

	<b>XRB Actual 2012 \$</b>	<b>ASRB Actual 2011 \$</b>
Rent Incentive Wellington	46,045	0
Rent Incentive Auckland	15,727	0
<b>Rent Incentive</b>	<b>61,772</b>	<b>0</b>

The rent incentive on each lease is as follows:

- The lease of premises at 50 Manners Street, Wellington expires 30 June 2017. The first 6 months of this lease was rent free.
- The lease of premises at 55 Shortland Street, Auckland expires 30 June 2015. The first 6.5 months of this lease was rent free.

## 12. Property Plant & Equipment

	<b>Furniture and Fittings</b>	<b>Plant And Equipment</b>	<b>Property Improvements</b>	<b>Computer Equipment</b>	<b>XRB Total</b>
<b>Cost</b>					
Opening Balance	96,131	39,094	184,642	73,020	392,887
Additions	23,075	7,481	9,078	35,590	75,224
Disposals	0	0	0	0	0
<b>Closing Balance</b>	<b>119,206</b>	<b>46,575</b>	<b>193,720</b>	<b>108,610</b>	<b>468,111</b>
<b>Accumulated Depreciation</b>					
Opening Balance	0	0	0	0	0
Depreciation	11,882	13,197	13,348	36,568	74,995
Disposals	0	0	0	0	0
<b>Closing Balance</b>	<b>11,882</b>	<b>13,197</b>	<b>13,348</b>	<b>36,568</b>	<b>74,995</b>
<b>Carrying Amounts</b>					
At 30 June 2012	107,324	33,378	180,372	72,042	393,116
At 30 June 2011	96,131	39,094	184,642	73,020	392,887

The assets at 30 June 2011 were acquired in June 2011 as part of the set-up of the offices and as such no depreciation was charged in the 2011 year.

## 13. Intangible Assets

	<b>XRB Actual 2012 \$</b>	<b>ASRB Actual 2011 \$</b>
<b>Cost</b>		
Opening Balance 1 July	5,661	0
Additions	4,392	5,661
Disposals	0	0
<b>Closing Balance 30 June</b>	<b>10,053</b>	<b>5,661</b>
<b>Accumulated Depreciation</b>		
Opening Balance 1 July 2011	0	0
Depreciation	3,259	0
Disposals	0	0
<b>Closing Balance 30 June</b>	<b>3,259</b>	<b>0</b>
<b>Carrying Amount 30 June</b>	<b>6,794</b>	<b>5,661</b>

The intangible assets comprise software licenses.

## 14. Financial Instruments

The External Reporting Board is a party to financial instruments as part of its' normal operations. These financial instruments include bank accounts, bank deposits, receivables and payables.

### *Credit Risk*

Financial instruments which potentially subject the Board to credit risk consist of bank balances and receivables. No collateral is required. While there is a concentration of credit risk to the Board's Bankers, any prospect of loss, given the standing and the Standard and Poor's AA credit rating of that institution, is considered unlikely.



#### *Interest Rate risk*

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate, or the cash flows from a financial instrument will fluctuate, due to changes in market interest rates.

The External Reporting Board does not have any significant exposure to interest rate risk. Any risk is managed by holding funds at call or on short term deposit.

#### *Currency risk*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The External Reporting Board does not have any exposure to currency risk.

#### *Liquidity Risk*

Liquidity risk is the risk that the External Reporting Board will encounter difficulty raising funds to meet commitments as and when they fall due. Prudent liquidity management implies maintaining sufficient cash resources.

Cash is managed by maintaining minimal funds in a transaction account, the majority of funds in an at-call account and a smaller amount of funds in a term deposit.

#### *Fair Values*

All financial instruments are recognised in the Statement of Financial Position and are stated at cost, which approximates fair value.

The carrying values of financial assets and liabilities in each of the NZ IAS 39 categories are as follows:

	<b>XRB Actual 2012 \$</b>	<b>ASRB Actual 2011 \$</b>
<b>Loans and Receivables</b>		
Cash and Cash Equivalents	1,506,904	216,759
Receivables	29,142	84,608
Investments- Term Deposits	500,000	500,000
<b>Total Loans and Receivables</b>	<b>2,036,046</b>	<b>801,367</b>
<b>Financial Liabilities Measured at cost</b>		
Creditors	166,917	335,049
Accruals	58,052	36,572
GST payable	236,803	-
<b>Total Financial Liabilities Measured at Cost</b>	<b>461,772</b>	<b>371,621</b>

## 15. Employee Remuneration

Remuneration Range	XRB Actual 2012	ASRB Actual 2011
\$130,000- \$139,999	2	0
\$140,000- \$149,999	2	0
\$160,000- \$169,999	2	0
\$190,000- \$199,999	1	0
\$210,000- \$219,999	1	0

The Chief Executive was the only employee in the 2011 year and was appointed on 1 April 2011. His remuneration for the period 1 April 2011 to 30 June 2011 was \$53,571.

## 16. Related Party Information

The External Reporting Board is an independent Crown entity as defined by the Crown Entities Act 2004.

All related party transactions have been entered into on an arm's length basis.

### *Significant transactions with Government related entities*

The External Reporting Board has been provided with Crown funding of \$4,410,000 (2011: \$1,350,000) for specific purposes as set out in its' founding legislation and the scope of the relevant government appropriations.

### *Collectively, but not individually, significant, transactions with Government related entities*

In conducting its operations, the External Reporting Board is required to pay Goods and Services Tax to the Crown. The payment of this tax is based on standard terms and conditions that apply to all taxpayers. The External Reporting Board is exempt from paying income tax.

The External Reporting Board also purchases goods and services from entities controlled, significantly influenced, or jointly controlled by the Crown. Purchases from these government related entities for the year ended 30 June 2012 totalled \$243,874 (2011: nil). These purchases included the purchase of air travel from Air New Zealand and postal services from New Zealand Post.

### *Key Management Personnel*

The following transactions were entered into during the year with key management personnel:

Ralph Simpson is a partner of Bell Gully. During the year the firm provided legal services to the value of \$1,291 (2011: \$9,463) to the Board.

Ken Warren is a member of the International Public Sector Accounting Standards Board (IPSASB). The External Reporting Board made a contribution of \$75,000 (2011: \$50,000) to the IPSASB.

Michele Embling is a partner of PricewaterhouseCoopers. During the year the firm provided technical consulting services to the value of \$10,313 (2011: nil) to the Board.

### Key Management Personnel Compensation

	<b>XRB Actual 2012 \$</b>	<b>ASRB Actual 2011 \$</b>
Board meeting fees (remuneration to Board members)	602,532	212,317
Salaries and other short term employee benefits	719,288	53,050
<b>Total Key Management Personnel Compensation</b>	<b>1,321,820</b>	<b>265,367</b>

Key management personnel includes the Board of the External Reporting Board, the Chief Executive and three Directors.

The External Reporting Board has effected Directors' and Officers' liability insurance cover during the financial year in respect of the liability or costs of Board members and employees.

No Board members received compensation or other benefits in relation to cessation (2011: nil).

#### 17. Severance Payments

No severance payments were made to employees or Board members during the year (2011: nil).

#### 18. Indemnity Insurance

There is no indemnity insurance as at 30 June 2012 (2011: nil).

#### 19. Operating Lease Commitments

	<b>XRB Actual 2012 \$</b>	<b>ASRB Actual 2011 \$</b>
Not later than one year	140,166	74,542
Later than one year and not later than five years	501,342	568,280
Later than five years	0	110,506
<b>Total Operating Lease Commitments</b>	<b>641,508</b>	<b>753,328</b>

The Board has entered into the following non-cancellable lease agreements which were effective 1 July 2011:

- The lease of premises at 55 Shortland Street, Auckland expires 30 June 2015. The first 6.5 months of this lease was rent free.
- The lease of premises at 50 Manners Street, Wellington expires 30 June 2017. The first 6 months of this lease was rent free.

#### 20. Capital Commitments

The Board has no material capital commitments (2011: nil).

#### 21. Contingent Liabilities

The Board has no material contingent liabilities (2011: nil).

#### 22. Events after the Balance Sheet Date

There were no events after the balance sheet date. (2011: The ASRB was reconstituted as the External Reporting Board (XRB) on 1 July 2011). The Board has approved the return of the current year surplus to the Crown in the amount of \$1,065,000. This payment will be made in October 2012.

## **23. Explanation of significant variances against budget**

### **Statement of Comprehensive Income**

#### *Interest Received*

Interest income is higher than budget as a result of greater funds available to invest as a result of less expenditure than budget.

#### *Personnel Costs*

The budget allowed for a full complement of staff for the whole financial year. There were a number of outstanding vacancies throughout the year.

#### *Board Fees*

The budget for meeting fees includes the External Reporting Board and its two Committees, the New Zealand Accounting Standards Board and the New Zealand Auditing and Assurance Board. The variance primarily relates to less out of meeting work than budgeted for.

#### *Contributions to International Standards Boards*

Additional contributions were made to the International Public Sector Accounting Standards Board (IPSASB) than budgeted to reflect the increased utilisation of the IPSASB standards in New Zealand with the adoption of the multi-standards Accounting Standards Framework.

#### *General Operating Costs*

A cost efficient culture was established from the commencement of the External Reporting Board and savings have been made in all areas of expenditure. In addition, the budget included provision for a large volume of Constituency Engagement to be undertaken. The level of engagement has not been as high as expected due to a change in the timing of the finalisation of the Accounting Standards Framework.

#### *Professional Fees*

Difficulty in recruiting suitably qualified staff resulted in additional spending on technical contractors.

#### *Depreciation and Amortisation*

The budget assumed that all capital would be spent evenly throughout the year, however the majority of capital purchases were made at the commencement of the year.

#### *Website / IT Costs*

The budget allowed for the development of a "smart website". A more cost effective website approach has been adopted.

### **Statement of Financial Position**

#### *Cash at Bank*

Cash is significantly higher than budget due to the reduced expenditure incurred during the financial year.

#### *Receivables*

The budget assumed no receivables at year end. A small amount of receivables existed at year end.

#### *Payables*

The increased payables reflects a large GST payment due for the period ended 30 June 2012.

#### *Bank Overdraft*

A bank overdraft occurred for the first and only time during the financial year on 29 June 2012 due to a repayment of capital to the Crown (\$470,000). A positive balance was restored on 2 July 2012 (the next business day).

#### *Employee Entitlements*

There were no employee entitlements outstanding at 30 June 2011 and as such no provisions had been made.

## **24. Capital Management**

The External Reporting Board's capital is its equity, which comprises accumulated funds and Crown capital contributions. Equity is represented by net assets.

The External Reporting Board is subject to the financial management and accountability provisions of the Crown Entities Act 2004, which imposes restrictions in relation to borrowings, acquisition of securities, issuing guarantees and indemnities, and the use of derivatives.

The External Reporting Board manages its equity as a bi-product of prudently managing revenues, expenses, assets, liabilities, investments and general financial dealings to ensure the External Reporting Board effectively achieves its objectives and purpose, while remaining a going concern.



## Independent Auditor's Report

### To the readers of the External Reporting Board's financial statements and statement of service performance for the year ended 30 June 2012

The Auditor-General is the auditor of the External Reporting Board (the Board). The Auditor-General has appointed me, Clint Ramoo, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and statement of service performance of the Board on her behalf.

We have audited:

- the financial statements of the Board on pages 36 to 53, that comprise the statement of financial position as at 30 June 2012, the statement of financial performance, statement of movements in equity and statement of cash flows for the year ended on that date and notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of the Board on pages 29 to 32.

### Opinion

In our opinion:

- the financial statements of the Board on pages 36 to 53:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect the Board's:
    - financial position as at 30 June 2012; and
    - financial performance and cash flows for the year ended on that date.
- the statement of service performance of the Board on pages 29 to 32:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects, for each class of outputs for the year ended 30 June 2012, the Board's:
    - service performance compared with the forecasts in the statement of forecast service performance for the financial year; and
    - actual revenue and output expenses compared with the forecasts in the statement of forecast service performance at the start of the financial year.

Our audit was completed on 10 October 2012. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board and our responsibilities, and we explain our independence.

## Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and statement of service performance are free from material misstatement.

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

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and statement of service performance. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and statement of service performance, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Board's financial statements and statement of service performance that fairly reflect the matters to which they relate. We consider internal control 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 Board's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board;
- the adequacy of all disclosures in the financial statements and statement of service performance; and
- the overall presentation of the financial statements and statement of service performance.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

## Responsibilities of the Board

The Board is responsible for preparing financial statements and a statement of service performance that:

- comply with generally accepted accounting practice in New Zealand;



- fairly reflect the Board's financial position, financial performance and cash flows; and
- fairly reflect its service performance.

The Board is also responsible for such internal control as is determined necessary to enable the preparation of financial statements and a statement of service performance that are free from material misstatement, whether due to fraud or error.

The Board's responsibilities arise from the Crown Entities Act 2004.

## Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and the Crown Entities Act 2004.

## Independence

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

Other than the audit, we have no relationship with or interests in the Board.



Clint Ramoo  
Audit New Zealand  
On behalf of the Auditor-General  
Wellington, New Zealand

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

This audit report relates to the financial statements and the statement of service performance of the External Reporting Board for the year ended 30 June 2012 included on the External Reporting Board's website. The External Reporting Board's Board is responsible for the maintenance and integrity of the External Reporting Board's website. We have not been engaged to report on the integrity of the External Reporting Board's website. We accept no responsibility for any changes that may have occurred to the financial statements and the statement of service performance since they were initially presented on the website.

The audit report refers only to the financial statements and the statement of service performance named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements and the statement of service performance. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and the statement of service performance as well as the related audit report dated 10 October 2012 to confirm the information included in the audited financial statements and non-financial performance information and the statement of service performance presented on this website.

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



## Appendix: Board Members

### Members of the External Reporting Board during 2011-12

- Simon Carey, Partner, Grant Thornton, Christchurch (term expires 16 August 2014).
- Neil Cherry, Business and Financial Consultant, Wellington (term expires 30 June 2016).
- Annabel Cotton, Investment Analyst and Accountant, Hamilton (term expires 20 June 2016).
- Michele Embling, Partner, PwC, Auckland (term expires 16 August 2014).
- Graeme Mitchell, Chartered Accountant, Wellington (Deputy Chairman) (term expires 16 February 2015).
- Kevin Simpkins, Adjunct Professor, Victoria University of Wellington (Chairman) (term expires 28 February 2014).
- Ralph Simpson, Lawyer, Bell Gully, Auckland (term expires 14 July 2014).
- Ken Warren, Chartered Accountant, The Treasury, Wellington (term expires 30 June 2014).
- Lynn Wood, Chairman, Financial Reporting Council of Australia (FRC), Sydney (term expires 10 March 2014).

### Members of the New Zealand Accounting Standards Board during 2011-12

- Stephanie Allan, Group Reporting Manager, Fonterra Co-operative Group Ltd, Auckland.
- Carolyn Cordery, Senior Lecturer, School of Accounting and Commercial Law, Victoria University of Wellington, Wellington.
- Kimberley Crook, Partner, Ernst & Young, Auckland (Deputy Chair).
- Clyde D'Souza, Principal of D'Souza Associates, Wellington.
- Michele Embling, Partner, PwC, Auckland (Chair).
- Karl Hickey, Senior Finance Manager, ANZ National Bank Ltd, Wellington.
- Robert Nelson, Financial Controller, Auckland Council, Auckland.
- Angela Ryan, Senior Accounting Policy Analyst, The Treasury, Wellington (Deputy Chair).
- Greg Schollum, Assistant Auditor-General (Accounting and Auditing Policy), Wellington.
- Kevin Stevenson, Chairman and CEO, Australian Accounting Standards Board, Melbourne.

## Members of the New Zealand Auditing and Assurance Standards Board during 2011-12

- Robert Buchanan, Lawyer, Wellington.
- Neil Cherry, Business and Financial Consultant, Wellington (Chairman).
- Craig Fisher, Chairman, Hayes Knight Chartered Accountants, Auckland.
- Roy Glass, Director Auditing Policy, Office of the Auditor-General, Wellington.
- Pat Heslin, Partner, Deloitte, Dunedin.
- Merran Kelsall, Chairman Australian Auditing and Assurance Standards Board, Melbourne.
- John Kensington, Partner, KPMG, Auckland
- Graeme Mitchell, Chartered Accountant, Wellington (Deputy Chairman).
- Karen Shires, Partner, PwC, Wellington.
- Rowena Sinclair, Senior Lecturer, School of Business and Law, AUT University, Auckland.

Further information about the Members of the XRB, NZASB and NZAuASB is available at [www.xrb.govt.nz](http://www.xrb.govt.nz).