



**EXTERNAL REPORTING BOARD**

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*Te Kāwai Ārahi Pūrongo Mōwaho*

## **Annual Report**

**For the year ended 30 June 2015**

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, with continued existence under section 11 of the Financial Reporting Act 2013, and subject to the Crown Entities Act 2004.

This annual report for the year ended 30 June 2015 has been prepared and presented in accordance with sections 150(1) and 154 of the Crown Entities Act 2004. It reports against the Board's Statement of Performance Expectations for the year.

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. This report therefore covers the fourth year of the XRB's operations.

## Board Members

Under the Financial Reporting Act 2013<sup>1</sup>, 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 prescribed by Section 12 of the Financial Reporting Act 2013<sup>2</sup> and are as follows:

- Developing and implementing an overall strategy for financial reporting standards (both accounting and auditing & assurance standards), including developing and implementing tiers of financial reporting;
- Preparing and issuing accounting standards, and authoritative notices;
- Preparing and issuing auditing & 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.

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<sup>1</sup> The Financial Reporting Act 2013 replaced the Financial Reporting Act 1993 on 1 April 2014. The Board membership requirements are the same in both Acts.

<sup>2</sup> The functions of the Board under the 2013 Act are not significantly different from those under the 1993 Act.

## Organisational Structure

The Board has established two standard setting boards to help it carry-out its functions:

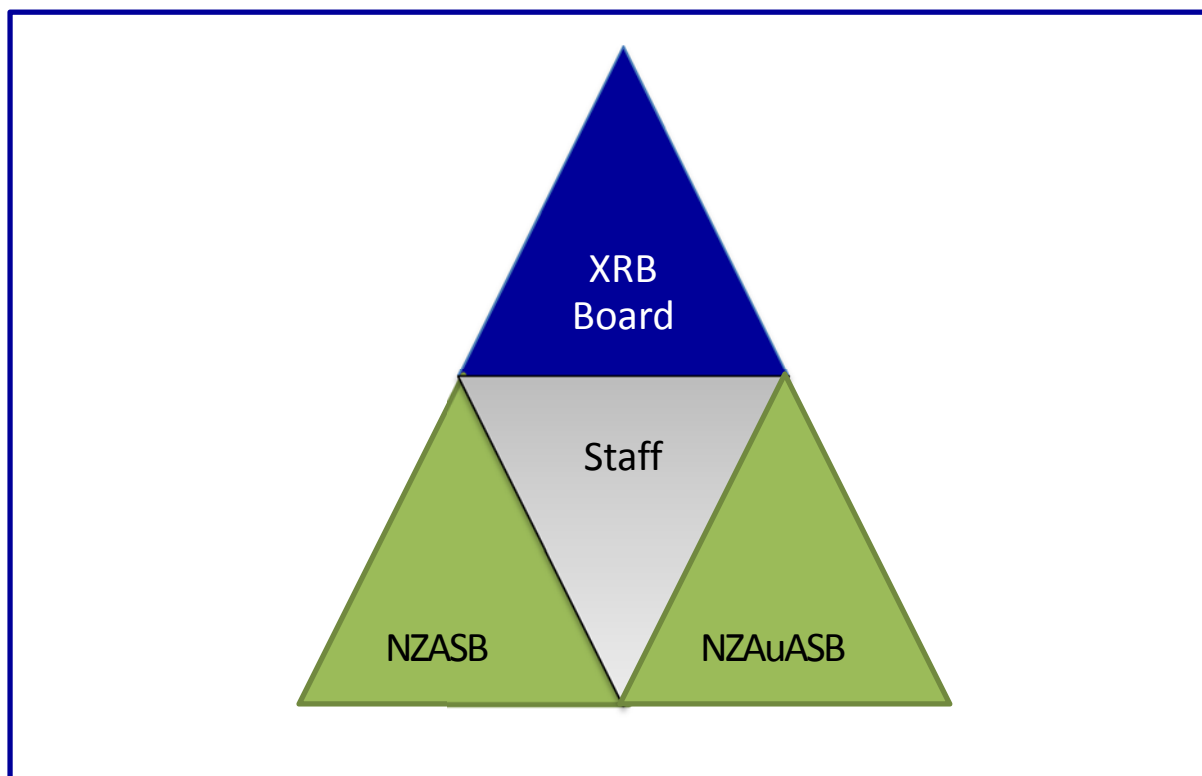
- The New Zealand Accounting Standards Board (NZASB) is responsible for accounting standard setting; and
- The New Zealand Auditing and Assurance Standards Board (NZAuASB) is responsible for auditing & assurance standard setting.

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 each comprise around 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 & assurance 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 carried-out in accordance with best practice, but also to enhance functional equivalence with Australia by ensuring that there is a New Zealand board to match the equivalent Australian board.

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

### Introduction

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

- Establishing a period of relative standards stability during which the existing suites of standards are maintained to reflect changes to international standards and, where necessary, enhanced to address any deficiencies or gaps that are critical to user-needs and the quality of financial reporting in New Zealand;
- Undertaking deliberate, organised research into the financial and non-financial information needs of the various users of XRB standards as a basis for considering enhancements to the financial reporting framework or specific standards in the future, and to help inform efforts to influence the work of the international standard setting boards;
- Actively seeking to influence the agenda and standards development work of the international standard setting boards based on two broad (and interconnected) approaches: relationships and participation;
- Continuing to enhance constituency engagement and support; and
- Maintaining a high performance culture commensurate with achieving the XRB's outcome goals, while operating in a financially prudent manner and maintaining the level of capability needed to deliver the outputs required.

The main activities are outlined below:

### Establishing a period of relative standards stability and maintaining existing suites of standards

Existing sets of standards have been maintained during the year. This involves issuing in New Zealand, exposure drafts and standards that are issued by the international standard setting bodies, most notably the International Accounting Standards Board (IASB), the International Public Sector Accounting Standards Board (IPSASB), the International Auditing and Assurance Standards Board (IAASB) and the International Ethics Standards Board for Accountants (IESBA).

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

In addition, the XRB has provided comment on relevant exposure drafts and other consultation documents issued for comment by these international Boards, and by the International Integrated Reporting Committee (IIRC).

Significant work to develop an Accounting standard on Service Performance was undertaken during the year. The need for a standard in this area has been evident for some time and the Board and NZASB have both assigned this project a high priority. The NZAuASB has also commenced the development of an auditing standard on Service Performance.

## **Undertaking deliberate, organised research into the financial and non-financial information needs of the various users of XRB standards**

During the year, the XRB established a five year user-needs research programme. Some of the research projects will be undertaken in house and some will be contracted out.

Work began on implementing the research programme and the first project on the Information Needs of Users of New Zealand Capital Market Entity Reports has been completed in September 2015.

In addition, two in-house research projects were completed: The Scope of Other Assurance required by Law; and The Extent of Multiple Reporting Assurance Engagements.

## **Actively seeking to influence the agenda and standards development work of the international standard setting boards**

The Board has a strategy of seeking to influence international standards during their development phase. During the year the XRB completed a project being undertaken by the IPSASB to enhance the standards relating to accounting for interests in other entities. This culminated in the IPSASB releasing five standards on this topic which occurred during the year. In addition, the XRB has started working on an IPSASB revenue project and is assisting the IASB on it's disclosure principles project.

Also during the year the XRB has:

- Secured the appointment of a replacement New Zealand member on the IPSASB and supported the work of that member. This followed the retirement from IPSASB of Ken Warren who had served that Board with distinction for six years.
- Attended relevant meetings of international standard setter groups, including the Asia-Oceania Standard Setters Group (AOSSG), the International Federation of Accounting Standard Setters (IFASS), the World Standard Setters (WSS), the International Ethics Standards Board for Accountants (IESBA), National Standard Setters meeting, the International Auditing and Assurance Board (IAASB), National Standard Setters (NSS) meeting and an IESBA round table discussion;
- Contributed to the standard setting work of the AOSSG and (via the AOSSG) the IASB's Accounting Standards Advisory Forum (ASAF); and
- Participated in trans-Tasman co-ordination initiatives through the appointment of Board members as members of the Australian Financial Reporting Council, Australian Accounting Standards Board, and the Australian Auditing and Assurance Standards Board.

## Engaging and Communicating with Stakeholders

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

During the year the XRB ran seminars, webinars, podcasts and published articles on a wide range of matters that were the subject of exposure drafts or discussion papers. The Board also held some general discussions with key constituent groups about broader financial reporting matters.

During the year there were extensive communications to help inform the constituency about financial reporting changes. These included:

- Seminars on Assurance Engagements Other than Audits or Reviews of Historical Financial Statements
- The publication of a number of explanatory guides that help explain the requirements of standards;
- Seminars on the IASB disclosure initiative and the IPSASB Conceptual Framework;
- Seminars on the new legislation and accounting standards aimed at small charities and other not-for-profit entities.

The External Reporting Advisory Panel (XRAP), another vehicle for gathering the views of constituents, also met during the year and actively contributed ideas to XRB Board deliberations on various matters<sup>3</sup>.

Both the XRB Board and its two standard setting sub-boards continued to hold the majority of the non-governance part of their meetings in open session during the year. Members of the public are able to attend as observers during the open sessions and each board held at least one meeting in Auckland during the year to allow the constituency in the Auckland region to attend if they wished (the remaining meetings were held in Wellington). In addition, the agenda papers for the open part 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.

Ongoing enhancements to the XRB website were also made during the year to assist users to more easily navigate the website.

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<sup>3</sup> The XRAP consists of around 15 senior level persons who are individuals with strong networks that enrich their advice to XRB, or representatives of organisations, interested in the development of high quality accounting standards and auditing & assurance standards. Members are drawn from across the for-profit, public and not-for-profit sectors and between them reflect a variety of perspectives including user groups, preparers (both management and directors), financial analysts, investors, audit committees and auditors.

The objective of the XRAP is to provide a forum for the Board, the NZASB and the NZAuASB to consult individuals and representatives of organisations affected by its work. The XRAP is responsible for providing advice to the three Boards on strategic and tactical issues including, but not limited to:

- Issues relating to the external reporting environment in New Zealand;
- The New Zealand standard setting framework;
- Projects on the Boards' agendas; and
- Practical application and implementation issues.

## Maintaining Capability and Ensuring Value for Money

From an ownership performance point of view, the main operational focus during the year has been ensuring that the XRB Organisation is operating in an efficient and effective “steady-state” mode.

The organisation had one vacancy at year end, however the Board does not have any capability concerns.

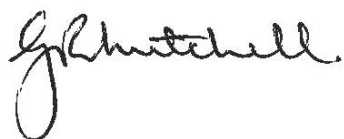
The Board remains conscious of the Government’s fiscal constraints, the need to operate within our means, and to ensure value for money in all the XRB does. Accordingly, a cost-control, value for money, continuous improvement culture and approach continues to be promoted within the organisation. This includes participation in the All of Government procurement programme.

## Acknowledgements

The Board would like to thank the members of its two standard-setting boards – the NZASB and the NZAuASB – and the External Reporting Advisory Panel, for their significant contribution to the work of the XRB during the past 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.

The sad passing of our Chief Executive, Tony Dale, in April 2015 must be acknowledged. Tony was a key member of our organisation, hugely admired and respected throughout the financial reporting constituency, both domestically and internationally. Much of what has been achieved in the last four years is due to his vision and leadership. He will be missed but we are grateful to him for his contribution in setting us up for the next phase of our development.



Graeme Mitchell  
Chairman







## Part 2: Performance Report





# The XRB Performance Framework

## Introduction

The Board has adopted an overall performance framework to guide both the organisation's strategic direction and its day-to-day operations.

The performance framework for the 2014-15 financial year was contained in the Statement of Intent for that year and is illustrated in Figure 2.

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



## Outcome Goal

### *Government Priorities*

The Government established the following as its priorities for the period covered by this annual report:

- *Building a more competitive and productive economy;*
- *Responsibly managing the Government's finances;*
- *Delivering better public services within tight financial constraints;*  
*and*
- *Rebuilding Christchurch.*

The activities of the XRB are most related to the Government's objective to *build a more competitive and productive economy*. Accordingly, this was adopted as the XRB's overarching outcome goal for the year. The Board did, however, seek to contribute to the Government's other priorities in ways appropriate to the XRB. This included ensuring that the accounting standards encourage reporting of the Government's finances in a transparent and meaningful way; and ensuring that the XRB operated in an efficient and fiscally prudent manner with a culture of continuous performance improvement.

### ***XRB's Outcome Goal***

A precondition for a competitive and productive economy 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 public accountability and good corporate governance needs to be viewed in a wider multi-sectoral way rather than in just 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 and other stakeholders. To that end, one of the main purposes of financial reports is to promote the accountability of the 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 or ratepayers in the case of public sector 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 therefore important to achieving effective public accountability and good corporate governance, and through them building a more competitive and productive economy. 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). In this way high quality reporting contributes directly to the Government's Business Growth Agenda, particularly the capital markets input area.

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 assurance provided on that information is similarly based on standards that require robust and independent examination by assurance providers. In other words, 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 the Government's outcome goals and its Business Growth Agenda.

Accordingly, the Board is still committed to the following outcome goal:

*The establishment of accounting and assurance standards that:*

- *engender confidence in New Zealand financial reporting;*
- *assist entities to compete internationally; and*
- *enhance entities' accountability to stakeholders.*

## Outputs

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

- Financial reporting strategy;
- Preparing and issuing accounting standards; and
- Preparing and issuing auditing & assurance standards.

These outputs also reflect the Board's statutory functions.

### *Financial Reporting Strategy*

The financial reporting strategy output 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 & assurance standards.

During the first three years of the XRB's existence this output involved the establishment of a new Accounting Standards Framework, and the strategic parameters for the development of auditing & assurance standards (both of which were finalised in the 2011-12 financial year). Much of the work of the XRB in the 2014-15 financial year involved the ongoing implementation of these strategies.

Over the medium-term the focus of this standard setting strategy output will be on ensuring that the accounting and auditing & assurance standards on issue are fit for purpose and are appropriately meeting the information needs of the users of general purpose financial reports across all sectors. The Board has developed a Strategic Plan to give effect to this during the 2014-15 to 2018-19 period. That Strategic Plan, which is entitled "Giving Life to the User-Needs Framework", was published in April 2014.<sup>4</sup>

### *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 (NZASB) within the parameters established by the Board.

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<sup>4</sup> The Strategic Plan is available at: [http://www.xrb.govt.nz/Site/about\\_us/Accountability\\_Documents.aspx](http://www.xrb.govt.nz/Site/about_us/Accountability_Documents.aspx)

Much of the detailed standard setting work necessary to give effect to the new Accounting Standards Framework was completed as part of this output during the 2013-14 financial year.

Responding to pronouncements issued by the international accounting standard setting boards, the International Accounting Standards Board (IASB) and the International Public Sector Accounting Standards Board (IPSASB), and incorporating them into the New Zealand standards where appropriate, is also an important part of this output.

### ***Auditing & Assurance Standards***

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

Responding to pronouncements issued by the international auditing & assurance standard setting boards, the International Auditing and Assurance Standards Board (IAASB) and the International Ethics Standards Board for Accountants (IESBA), and incorporating them into the New Zealand standards where appropriate, is also an important part of this output.

## **Planned and Achieved Performance**

### **Purpose of this Section**

This section outlines the XRB's planned performance for the 2014-15 financial year (as specified in the 2014-15 Statement of Performance Expectations), together with a summary of the actual performance delivered compared to that planned. More detailed performance information for the year is provided in Parts 3 and 4 of this Annual Report.

### **Outcome Goal**

As detailed earlier, the XRB's outcome goal for the period was:

*The establishment of accounting and assurance standards that engender confidence in New Zealand financial reporting, assist entities to compete internationally, and enhance entities' accountability to stakeholders.*

### ***Contributing to the Outcomes***

This outcome goal is used as the lens through which the XRB organisation considers accounting standards and auditing & assurance standards issues. This means that in developing a standard (or considering an international standard for adoption in New Zealand) consideration is given to the three elements of the outcome goal: will the standard help engender confidence in financial reporting, will the standard assist international competitiveness, and will it improve entities' accountability to their stakeholders? Consideration is also given to the trade-offs between the three elements.

Some examples of how this approach is given effect are as follows:

- The XRB’s strategy in relation to the accounting standards for for-profit entities is to adopt the international standards (International Financial Reporting Standards – IFRS) with little or no substantive change. This is to allow entities to be able to assert compliance with IFRS, thereby enabling them to raise capital in international markets at a lower cost. In considering whether to adopt proposed new IFRS in New Zealand, the NZASB must weigh up this international competitiveness benefit with the appropriateness of the standard in the New Zealand context (and the resulting confidence in New Zealand financial reporting).
- By contrast, the XRB’s strategy in relation to accounting standards for public benefit entities places greater weight on ensuring that financial reporting engenders confidence and accountability to stakeholders. As international comparability is less of an imperative in this sector, there is a greater ability to modify the applicable international standards (International Public Sector Accounting Standards – IPSAS) for application in New Zealand.
- The accounting standards for Tier 3 and Tier 4 public benefit entities (i.e. small public sector and not-for-profit organisations) follow a simple format reporting approach. This was developed partly to better respond to the respective costs and benefits of reporting by these small entities, and partly with the users of the financial reports in mind. The XRB recognises that many of the users of the financial reports of small not-for-profit organisations are not sophisticated users in the way, for example, financial analysts are. A simpler reporting approach is more likely to provide information understandable to not-for-profit users, thereby enhancing the accountability of these entities to their stakeholders.
- The presumption being followed by the NZAuASB in considering auditing & assurance standards is to adopt international standards unless *there are compelling reasons for a standard to be modified*. This presumption reflects the international competitiveness aspect of the outcome goal – readers will have more confidence in the auditor’s report if they know the audit has been conducted in accordance with international best practice (i.e. international standards). The “compelling reasons” test has been established to ensure that standards are relevant in the New Zealand context and therefore relates to the confidence in New Zealand financial reporting aspect of the outcome goal. The compelling reasons are:
  - (1) the international standard does not reflect, or is not consistent with:
    - the New Zealand regulatory arrangements; or
    - principles and practices that are considered appropriate in New Zealand (including in the use of significant terminology); and
  - (2) the standard can be modified so as to result in a standard that:
    - promotes significant improvement in audit quality in the New Zealand environment; and

- o does not conflict with, or result in lesser requirements than, the international standard; and
- (3) the relative benefits of making a change outweigh the costs (with cost primarily being compliance cost and benefit primarily relating to audit quality).

### *Measuring and Monitoring Outcomes*

Despite the XRB's explicit and deliberate focus on ensuring that it is contributing to the three elements (or sub-outcomes) included in its outcome goal, measuring the change in outcome status, and the extent to which the XRB contributed to that change, is a difficult task.

A large number of factors influence the achievement of the Government's Overarching Outcome Goal, the Linking Intermediate Outcome and the XRB Outcome Goal during the year. Many of these are outside the control or influence of the XRB. For example, international competitiveness is influenced by a whole range of factors including regulatory settings, labour market pressures, and exchange rates, in addition to XRB standards. International competitiveness indices take account of all of these factors and it is difficult to determine objectively the extent of the XRB's contribution.

These measurement problems make it difficult for the XRB to establish cost effective measures, targets and benchmark information for its outcome goal that are both meaningful and reflect the degree of influence the XRB has over these outcomes i.e. that would be meaningful for accountability.

Accordingly, the XRB assesses its performance primarily by reference to output delivery. The XRB considers that output, rather than outcome, based performance measurement to be the most appropriate for the XRB<sup>6</sup>

In the XRB's view establishing measures, targets and benchmark information for its outcome goal would give a false indication of the degree of influence the XRB has over the outcome given the multitude of influencing factors that it does not control. Outcome based measures would therefore not provide meaningful information about XRB performance for accountability purposes.

The XRB also considers the relationship between the Overarching Outcome Goal, the Intermediate Outcome and the XRB Outcome Goal (see Figure 2) is relatively self-evident and clear, as is the nature of the XRB's contribution to these outcomes through the issuing of standards.

It would be a difficult and highly complex exercise to establish the specific causal links between the XRB's outputs and its outcome goal. The cost of developing detailed outcome and impact performance measures using current methods and processes is likely to outweigh the value of such information.

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<sup>6</sup> Amendments to the Crown Entities Act enacted in 2013 allow Crown Entities to determine the most appropriate basis for assessing their performance. Having considered this matter carefully the Board concluded an output based assessment of performance to be the most relevant for the XRB. This is discussed further in the XRB's 2014-19 Statement of Intent which is available at: [http://www.xrb.govt.nz/Site/about\\_us/Accountability\\_Documents.aspx](http://www.xrb.govt.nz/Site/about_us/Accountability_Documents.aspx)

Notwithstanding the inappropriateness of outcome based performance measurement, the XRB is deeply concerned with positively influencing the outcomes and significant focus and effort is applied to achieving this – as outlined in the section above. Accordingly, the XRB does monitor likely outcome contribution through cost effective means. This includes monitoring the state of financial reporting through information available from such bodies as the Companies Office, the Financial Markets Authority (FMA) and DIA Charities Services, as well as information in the public domain, such as the “Strength of Auditing and Reporting Standards” index in the Global Competitiveness Report produced by the World Economic Forum<sup>7</sup>. This monitoring 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.

## Output Delivery

As detailed earlier, the XRB specified three outputs for the year in its Statement of Intent:

*Output 1: Financial Reporting Strategy;*

*Output 2: Preparing and Issuing Accounting Standards; and*

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

All three outputs were delivered during the year and all performance measures and standards specified for those outputs were met. The extent of delivery is shown in the Statement of Performance provided in Part 3 of this Annual Report.

The outputs were delivered much as expected during the year.

A second key aspect of the XRB’s output performance was responding to pronouncements issued by the international standard setting boards and incorporating them into the New Zealand standards where appropriate. The output of these boards fluctuates and this is reflected in the XRB’s output delivery for the year.

## Ownership Performance

### *Scope of Business*

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

*Accounting and assurance standard setting, and associated strategy setting functions.*

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

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<sup>7</sup> In the 2014-15 edition New Zealand is ranked 3<sup>rd</sup> in the world with a score of 6.4 out of 7. 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. The index is available at: <http://www3.weforum.org/docs/GCR2014-15/NewZealand.pdf>  
Index 1.18

### *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>2014/15 Actual (\$'000)</b>	<b>2014/15 Budget (\$'000)</b>
<i>Revenue</i>	4,487	4,430
<i>Expenses</i>	3,948	4,579
<i>Operating Surplus</i>	539	(149)
<i>Equity</i>	2,434	1,466
<i>Net Cash Flows from Operating</i>	588	(74)
<i>Net Increase in Cash</i>	535	(160)

### *Operating*

The reasons for the major variations in specific expense items are outlined in Note 18 to the financial statements.

An operating surplus was generated during the year. This resulted from cost savings against budget across most expenditure categories. Forward budgets indicate that this surplus will reduce to be close to breakeven in future years as the XRB moves to the next phase of its development.

The Board proposes to retain the surplus to fund future expenses relating to its strategic plan such as research into user-needs for financial reports.

### *Capital Expenditure*

The XRB's capital expenditure spend for the year was \$45,170. This expenditure includes the purchase of a document management system (Authodox) and the purchase of hardware as part of our asset replacement program.

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.

### *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.



2014/15 Actual	2014/15 Budget
<i>One vacancy existed at year end for a Chief Executive-otherwise retained a near full complement of suitably qualified staff.</i>	<i>Retaining a near full complement of suitably qualified staff</i>
<i>Both the Wellington and Auckland offices are at full operational capacity and have been for the entire financial year.</i>	<i>Maintaining full operational capability in the Wellington and Auckland offices</i>

### **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.

Risk	2014/15 Actual	2014/15 Budget
<i>Loss of property and equipment</i>	<i>Insurance cover acquired</i>	<i>Insurance of property, plant and equipment</i>
<i>Loss of key staff</i>	<i>Cross training undertaken</i>	<i>Cross training</i>
<i>Loss of key data and records</i>	<i>Offsite backup in place</i>	<i>Off site backup</i>

## **Other Matters**

### **Employer Information**

#### **Workforce Profile**

The XRB has not had any resignations or new staff during the year. Our Chief Executive passed away during the current year and as at year end we are progressing the recruitment of this vital position.

The XRB's workforce profile is as follows:

Workforce component	2014/15	2013/14
<i>Employees</i>	<i>14</i>	<i>15</i>
<i>Part-time</i>	<i>14%</i>	<i>14%</i>
<i>Women</i>	<i>85%</i>	<i>80%</i>
<i>Women in Management Team</i>	<i>66%</i>	<i>50%</i>
<i>Non-Pakeha Ethnicity</i>	<i>21%</i>	<i>20%</i>
<i>Maori</i>	<i>0%</i>	<i>0%</i>
<i>Pacific</i>	<i>0%</i>	<i>0%</i>
<i>Employees with Disabilities</i>	<i>0%</i>	<i>0%</i>

<b>Workforce Age Profile</b>	<b>2014/15</b>	<b>2013/14</b>
<i>Under 30 years of age</i>	<i>1</i>	<i>1</i>
<i>30-39 years of age</i>	<i>6</i>	<i>6</i>
<i>40-49 years of age</i>	<i>3</i>	<i>3</i>
<i>50-59 years of age</i>	<i>3</i>	<i>4</i>
<i>≥60 years of age</i>	<i>1</i>	<i>1</i>

### ***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***

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 their 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 being necessary for 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 two geographical areas (Wellington and Auckland) 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 is 24% (2014: 29%). The gender pay gap for the staff involved in standard setting (the main professional group in the XRB) is 16% (2014:22%). The gap reflects the differing seniority (and therefore salaries) of various positions in the XRB organisation. The reduction in pay gap is largely as a result of one vacancy existing at the year end for a Chief Executive, who was male.

### *Harassment and Bullying Prevention*

The External Reporting Board has zero tolerance for any form of bullying or harassment, and is not aware of any instances of bullying and harassment during the financial year. Policies and procedures covering harassment and bullying are in place.

### *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 organisation 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. Staff are also able to access a confidential Employee Assistance Program.

## Other Information Required by the Crown Entities Act 2004

In relation to the requirements of section 151 of the Crown Entities Act, 2004 the following information is provided:

- In April 2014, the Board was given a direction by the Minister of State Services and Minister of Finance pursuant to section 107 of the Crown Entities Act 2004 to apply the Government Rules of Sourcing with effect from 1 February 2015;
- 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 Performance

### for the Year Ended 30 June 2015

Output Class	2014/15 Actual	2014/15 Budget	2013/14 Actual
<b>Description</b> Financial reporting and assurance standard setting and associated strategy setting functions	All activities undertaken during the year were within this description	All activities undertaken during the year will be within this description	All activities undertaken during the year were within this description
<b>Cost (\$000)</b>	3,948	4,579	3,905
<b>Revenue from the Crown (\$000)</b>	4,410	4,410	4,410
<b>Revenue from Others (\$000)</b>	77	20	45

The performance information supporting this revenue and cost is reported in pages 34-38.

<b>Output 1: Developing Financial Reporting Strategy</b>	<b>2014/15 Actual</b>	<b>2014/15 Budget</b>	<b>2013/14 Actual</b>
<b>Quantity</b>			
Number of standards frameworks being monitored	4	4 <sup>8</sup>	N/A
Number of accounting standards frameworks being implemented	1 not for profit	1 not for profit	1 not for profit
Number of amendments to accounting standards Tier Strategy submitted to Minister for approval	0	As required; expected to be 0-1	No amendments required
Number of auditing & assurance standards frameworks being implemented	N/A	N/A	1
<b>Quality</b>			
Standards frameworks monitoring ensures consistency with international convergence and Australian harmonisation strategy, and approved Tier Strategy	100% compliance	100% compliance	N/A
Accounting standards frameworks implemented in accordance with approved Tier Strategy	100% compliance	100% compliance	100% compliance
Amendments to Tier Strategy consistent with statutory requirements and consistent with the Government's trans-tasman outcome goals (degree of consistency determined by the Board).	100% consistent	100% consistent	No amendments required
<b>Timeliness</b>			
Monitoring of standards frameworks	Ongoing throughout the year	Ongoing throughout the year	N/A
Implementation of standards frameworks	Ongoing throughout the year	Ongoing throughout the year	Ongoing throughout the year

<sup>8</sup> These frameworks comprise: Accounting Standards Framework for For-Profit Entities, Accounting Standards Framework for Public Sector Public Benefit Entities, Accounting Standards Framework for Not-For Profit Entities, and the Auditing and Assurance Standards Framework

Amendments to Tier Strategy	No amendments required	As required	No amendments required
-----------------------------	------------------------	-------------	------------------------

In addition to the above the following were also issued during the year:

- Submissions to international standard setting boards or other international organisations: 2
- Formal submissions on domestic matters: 1

<b>Output 2: Preparing and Issuing Accounting Standards</b>	<b>2014/15 Actual</b>	<b>2014/15 Budget</b>	<b>2013/14 Actual</b>
<b>Quantity</b>			
Number of exposure drafts and other due process documents issued relating to implementing the new accounting standards framework	3	2-3	45
Number of standards and related documents issued relating to implementing the new accounting standards frameworks	48*	38-42	39
Number of exposure drafts and other due process documents relating to existing accounting standards suites issued (depending on the output of International Boards)	15#	4-6	21
Number of standards and related documents relating to existing accounting standards suites issued (depending on output of International Boards)	18#	8-10	19
Number of projects undertaken on behalf of international accounting standard setters	3^	1-2	1
<b>Quality</b>			
Due process documents and Standards reflect approved Tier Strategy (degree of compliance determined by NZASB)	100% compliance	100% compliance	100% compliance
Statutory due process requirements followed	100% compliance	100% compliance	100% compliance
Standards reflect relevant international standards with departures only to improve quality (quality improvement determined by NZASB)	100% compliance	100% compliance	100% compliance
For- profit standards harmonised with Australia where appropriate	100% compliance	100% compliance	100% compliance

Output 2: Preparing and Issuing Accounting Standards	2014/15 Actual	2014/15 Budget	2013/14 Actual
<b>Timeliness</b>			
Due process documents and standards relating to the new accounting standards framework issued in accordance with timeline established by the Board( usually not less than 90 days)	100% compliance	100% compliance	100% compliance
Due process documents and Standards relating to existing accounting standards suites issued in time for the commencement date to be no later than the international commencement date (where relevant)	100% compliance	100% compliance	100% compliance

In addition to the above, the following were also issued during the year:

- Submissions to national or international standard setting boards:9

Explanation of major variances

\* This variance was primarily the result of more explanatory material than planned for not-for – profit entities.

# Variances resulted from greater than expected output from the International Boards

^ This variance is a timing difference with completion of a project in the current year which was scheduled to be completed in 2013/14.

<b>Output 3: Preparing and Issuing Auditing &amp; Assurance Standards</b>	<b>2014/15 Actual</b>	<b>2014/15 Budget</b>	<b>2013/14 Actual</b>
<b>Quantity</b>			
Number of exposure drafts and other due process documents relating to auditing & assurance standards issued (depending on output of International Boards)	13#	5-8	4
Number of auditing & assurance standards and related documents issued (depending on output of International Boards)	5	8-12	11#
<b>Quality</b>			
Statutory due process requirements followed	100% compliance	100% compliance	100% compliance
Standards reflect relevant international standards with departures only to improve quality (quality improvement determined by the NZAuASB)	100% compliance	100% compliance	100% compliance
Standards harmonised with Australia where appropriate	100% compliance	100% compliance	100% compliance
<b>Timeliness</b>			
Due process documents and Standards issued in time for the commencement date to be no later than the international commencement date (where relevant)	100% compliance	100% compliance	100% compliance

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

- Submissions to national or international standard setting boards: 6

Explanation of major variances

# Variance resulted from greater than expected output from the International Boards.









# Part 4: Financial Statements



# External Reporting Board

## Statement of Responsibility

### For the Year Ended 30 June 2015

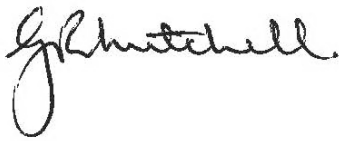
In terms of the Crown Entities Act 2004, the Board is responsible for the preparation of the External Reporting Board's financial statements and the Statement of Performance, and for the judgements made in them.

The Board is responsible for any year end performance information provided by the XRB under section 19A of the Public Finance Act.

The Board has the responsibility for establishing, and has established and maintained 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 Performance fairly reflect the financial position and operations of the External Reporting Board for the year ended 30 June 2015.

For the External Reporting Board  
14 October 2015



**Graeme Mitchell**  
Chairman



**Michele Embling**  
Deputy Chair

## External Reporting Board

### Statement of Comprehensive Revenue and Expenses

#### For the Year Ended 30 June 2015

	Notes	Actual 2015 \$'000	Budget 2015 \$'000	Actual 2014 \$'000
<b>Revenue</b>				
Revenue from the Crown		4,410	4,410	4,410
Interest received		77	20	45
		<b>4,487</b>	<b>4,430</b>	<b>4,455</b>
<b>Expenses</b>				
Personnel Costs		2,087	2,471	1,932
Board Fees	(1)	560	699	630
General Operating Costs		289	308	369
Travel		378	373	328
Contributions to IASB & IPSASB		300	300	300
Premises Expenses		170	168	157
Depreciation and Amortisation	(2,7)	53	66	77
Website / IT costs		76	69	67
Miscellaneous costs		12	75	0
Professional Fees		0	24	23
Audit Fees		23	26	22
		<b>3,948</b>	<b>4,579</b>	<b>3,905</b>
<b>Surplus/(Deficit) and Total Comprehensive Revenue and Expenses</b>		<b>539</b>	<b>(149)</b>	<b>550</b>

Explanations of major variances to budget are provided in Note 18.

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 Comprehensive Revenue and Expenses.

# External Reporting Board

## Statement of Financial Position

### As at 30 June 2015

	Notes	Actual 2015 \$'000	Budget 2015 \$'000	Actual 2014 \$'000
<b>Equity</b>				
Contributed Capital		725	725	725
Accumulated Surpluses:				
Opening Accumulated Surplus		1,170	890	620
Current year surplus / (deficit) and total comprehensive revenue and expense		539	(149)	550
<b>Total Equity</b>		<b>2,434</b>	<b>1,466</b>	<b>1,895</b>
<b>Current Assets</b>				
Cash at Bank		2,429	1,475	1,894
Receivables		12	10	6
Prepayments		24	22	15
Investments	(3)	202	194	194
<b>Total Current Assets</b>		<b>2,667</b>	<b>1,701</b>	<b>2,109</b>
<b>Current Liabilities</b>				
Payables	(4)	410	408	377
Employee Entitlements	(5)	73	80	82
Rent Incentive	(6)	9	10	14
<b>Total Current Liabilities</b>		<b>492</b>	<b>498</b>	<b>473</b>
<b>Working Capital</b>		<b>2,175</b>	<b>1,203</b>	<b>1,636</b>
<b>Non-Current Assets</b>				
Property Plant & Equipment	(7)	245	268	271
Intangible Assets	(8)	23	4	6
<b>Total Non-Current Assets</b>		<b>268</b>	<b>272</b>	<b>277</b>
<b>Non-Current Liabilities</b>				
Rent Incentive	(6)	9	9	18
<b>Total Non-Current Liabilities</b>		<b>9</b>	<b>9</b>	<b>18</b>
<b>Total Net Assets</b>		<b>2,434</b>	<b>1,466</b>	<b>1,895</b>

Explanations of major variances to budget are provided in Note 18.

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.

**External Reporting Board**

**Statement of Movements in Equity**

**For the Year Ended 30 June 2015**

	Notes	Actual 2015 \$'000	Budget 2015 \$'000	Actual 2014 \$'000
<b>Equity as at 1 July</b>		1,895	1,615	1,345
Total Comprehensive Revenues and Expenses		539	(149)	550
<b>Equity as at 30 June</b>		<b>2,434</b>	<b>1,466</b>	<b>1,895</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.

## External Reporting Board

### Statement of Cash Flows

#### For the Year Ended 30 June 2015

Notes	Actual 2015 \$'000	Budget 2015 \$'000	Actual 2014 \$'000
<b>Cash Flows from Operating Activities</b>			
<i>Cash was provided from:</i>			
Revenue from the Crown	4,410	4,410	4,410
Interest received	76	20	41
	<b>4,486</b>	<b>4,430</b>	<b>4,451</b>
<i>Cash was disbursed to:</i>			
Payments to employees	2,075	2,471	1,969
Payments to suppliers	1,523	1,733	1,578
Contributions to International Standards Boards	300	300	300
Net payment of Goods and Services Tax	0	0	13
	<b>3,898</b>	<b>4,504</b>	<b>3,860</b>
<b>Net Cash Flow from Operating Activities</b>	<b>588</b>	<b>(74)</b>	<b>591</b>
<b>Cash flows from Investing Activities</b>			
<i>Cash was received from:</i>			
Investment	(8)	0	(14)
<i>Cash was disbursed to:</i>			
Purchase of Property Plant and Equipment	(15)	(86)	(24)
Intangibles	(30)	0	(4)
	<b>(53)</b>	<b>(86)</b>	<b>(42)</b>
<b>Net Cash Flow from Investing Activities</b>	<b>(53)</b>	<b>(86)</b>	<b>(42)</b>
Net Increase/Decrease in Cash	535	(160)	549
Add Opening Cash Balance	1,894	1,635	1,345
<b>Closing Cash Balance</b>	<b>2,429</b>	<b>1,475</b>	<b>1,894</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

# External Reporting Board

## Statement of Accounting Policies

### For the Year Ended 30 June 2015

#### (a) Reporting Entity

The Board was established by the Financial Reporting Act 1993, with continued existence under the Financial Reporting Act 2013. 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 & assurance standards. This includes all the functions relating to the setting of accounting standards for entities required to apply or opt to apply External Reporting Board accounting standards, and auditing & assurance standards for auditors providing assurance required by statute.

The Board has designated itself a public benefit entity for financial reporting purposes.

The financial statements for the Board are for the year ended 30 June 2015 and were approved by the Board on 14 October 2015.

#### (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 have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the period.

These financial statements have been prepared in accordance with Tier 2 PBE Accounting Standards and disclosure concessions have been applied. The criteria under which the XRB is eligible to report in accordance with Tier 2 PBE Accounting Standards are:

- o The XRB does not have public accountability as defined in XRB A1 *Accounting Standards Framework (For-profit Entities plus Public Sector Public Benefit Entities plus Not-for-profit Entities Update) (XRB A1 (FP Entities + PS PBEs + NFPs Update))* and;
- o The XRB has total expenses between \$2million and \$30million

These financial statements comply with PBE Accounting Standards.

These financial statements are the first financial statements prepared in accordance with the new PBE accounting standards. The Board had previously reported in accordance with New Zealand Equivalents to International Financial Reporting Standards PBE. There were no material adjustments arising on transition to the new PBE Accounting Standards.

##### *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.

The Board considers that there are no conditions attached to the Crown funding and as such it is recognised as revenue at the point of entitlement.

#### *Interest*

Interest income is recognised using the effective interest rate method.

#### *Debtors and other receivables*

Debtors and other receivables are initially measured at face value 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*

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 rate:

- Computer Software 40%

### *Investments*

#### *Bank deposits*

Investments in bank deposits are initially measured at the amount invested. After initial recognition, investments in bank deposits are measured at amortised cost using the effective interest rate method, less any provision for impairment.

#### *Creditors and other payables*

Creditors and other payables are initially measured at face value. After initial recognition, they are measured at amortised cost using the effective interest rate 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 scheme 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 an input tax, 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 IRD 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 provision for income tax has been made.

#### *Budget figures*

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

### *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 Comprehensive Revenue and Expenses.

### *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. Payments are recognised as an expense on a straight line basis over the term of the lease in the Statement of Comprehensive Revenue and Expenses when payable. Lease incentives received are recognised in the surplus as a reduction of rental expense over the lease term. 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 2015

#### 1. Board Fees

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

	Meetings Attended 2015	Board Fees 2015 \$	Other Fees 2015 \$	Total 2015 \$
<i>Total meetings held for the year</i>	6			
Simon Carey	6/6	15,594	401	15,995
Neil Cherry	6/6	15,420	46,069	61,489
Annabel Cotton	6/6	12,860	0	12,860
Michele Embling	4/6	9,543	2,281	11,824
Kimberley Crook *	3/6	8,450	122,850	131,300
Graeme Mitchell	6/6	17,985	64,532	82,517
Jane Taylor #	6/6	15,352	16,586	31,938
Fergus Welsh *	3/6	0	0	0
<b>Total Board Fees</b>		<b>95,204</b>	<b>252,719</b>	<b>347,923</b>

Fergus Welsh 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 Kimberley Crook and Neil Cherry, this mostly reflects their roles as Chairs of the NZASB and NZAuASB respectively. In the case of Graeme Mitchell, it reflects his role as XRB Chairman.

The Other Fees paid to Graeme Mitchell, Kimberley Crook and Neil Cherry also includes time spent as a member of the relevant Australian board (FRC, AASB and AuASB respectively).

\*Kimberley Crook and Fergus Welsh were appointed to the Board on 1 February 2015.

#Jane Taylor is a member of both the XRB and the NZASB and as such her fees are included for the NZASB in Other Fees above.

	Meetings Attended 2014	Board Fees 2014 \$	Other Fees 2014 \$	Total 2014 \$
<i>Total meetings held for the year</i>	6			
Simon Carey	5/6	12,680	951	13,631
Neil Cherry	6/6	15,216	65,867	81,083
Annabel Cotton	5/6	12,680	1,268	13,948
Michele Embling	5/6	11,893	51,130	63,023
Graeme Mitchell	5/6	13,404	32,421	45,825
Kevin Simpkins*	4/6	12,288	58,368	70,656
Ralph Simpson*	2/6	5,072	0	5,072
Jane Taylor*	4/6	10,144	0	10,144
Ken Warren	6/6	0	0	0
Lyn Wood (FRC)	5/6	0	0	0
<b>Total Board Fees</b>		<b>93,377</b>	<b>210,005</b>	<b>303,382</b>

\*Kevin Simpkins retired from the Board in February 2014. Ralph Simpson resigned from the Board in October 2013. Jane Taylor joined the Board in December 2013.

Ken Warren is a state servant and accordingly not remunerated as a Board Member.

The FRC representative is not remunerated by the XRB.

#### 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:

NZASB	Meetings Attended 2015	Board Fees 2015 \$	Other Fees 2015 \$	Total 2015 \$
<i>Total meetings held for the year</i>	8			
Stephanie Allan	7/8	16,586	0	16,586
Carolyn Cordery	8/8	19,275	0	19,275
Kimberley Crook	8/8	N/A	N/A	N/A
Clyde D'Souza	8/8	19,156	0	19,156
Karl Hickey	7/8	17,374	0	17,374
Lyn Hunt	8/8	19,275	1,927	21,202
Robert Nelson	6/8	14,135	642	14,777
Kris Peach (AASB)*	4/8	0	0	0
Angela Ryan	6/8	0	0	0
Greg Schollum	8/8	0	0	0
Jane Taylor #	7/8	0	0	0
<b>Total Committee Fees</b>		<b>105,801</b>	<b>2,569</b>	<b>108,370</b>

Kimberley Crook's fees are included in the amounts reported for the XRB members in the first table of this note. The AASB representative on the NZASB is not remunerated by the XRB. Angela Ryan and Greg Schollum are state servants and accordingly 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.

The Australian Accounting Standards Board (AASB) representative on the NZASB is not remunerated by the XRB

\*Kris Peach was appointed to the Board on 3 November 2014.

#Jane Taylor is a member of both the XRB and the NZASB and as such her fees are included in the amounts reported for the XRB members in the first table of this note.

<b>NZASB</b>	<b>Meetings Attended 2014</b>	<b>Board Fees 2014 \$</b>	<b>Other Fees 2014 \$</b>	<b>Total 2014 \$</b>
<i>Total meetings held for the year</i>	10			
Stephanie Allan	8/10	20,288	0	20,288
Carolyn Cordery	9/10	25,360	634	25,994
Kimberley Crook	10/10	28,530	38,674	67,204
Clyde D'Souza	10/10	27,896	634	28,530
Michele Embling	10/10	N/A	N/A	N/A
Karl Hickey	10/10	27,769	634	28,403
Robert Nelson	8/10	22,824	1,268	24,092
Angela Ryan	8/10	0	0	0
Greg Schollum	7/10	0	0	0
Kevin Stevenson (AASB)	7/10	0	0	0
<b>Total Committee Fees</b>		<b>152,667</b>	<b>41,844</b>	<b>194,511</b>

Michele Embling's fees are included in amounts reported for XRB Members in the second table in this note. 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 2015</b>	<b>Meeting Fees 2015 \$</b>	<b>Other Fees 2015 \$</b>	<b>Total 2015 \$</b>
<i>Total meetings held for the year</i>	6			
Robert Buchanan	6/6	15,420	642	16,062
Neil Cherry	5/6	N/A	N/A	N/A
Craig Fisher	6/6	15,420	0	15,420
Pat Heslin	5/6	12,850	0	12,850
Merran Kelsall (AUASB)	5/6	N/A	N/A	N/A
John Kensington	6/6	13,352	0	13,352
Chong Lim	6/6	N/A	N/A	N/A
Marje Russ	6/6	15,986	2,227	18,213
Karen Shires	6/6	15,420	0	15,420
Rowena Sinclair	5/6	12,816	0	12,816
<b>Total Committee Fees</b>		<b>101,264</b>	<b>2,869</b>	<b>104,133</b>

Neil Cherry's fees are included in amounts reported for XRB Members in the first table of this Note. The Australian Auditing and Assurance Standards Board (AUASB) representative on the NZAuASB is not remunerated by the XRB. Chong Lim 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.

<b>NZAuASB</b>	<b>Meetings Attended 2014</b>	<b>Meeting Fees 2014 \$</b>	<b>Other Fees 2014 \$</b>	<b>Total 2014 \$</b>
<i>Total meetings held for the year</i>	7			
Robert Buchanan	6/7	15,216	634	15,850
Neil Cherry	7/7	N/A	N/A	N/A
Craig Fisher	7/7	19,654	634	20,288
Roy Glass	6/7	N/A	N/A	N/A
Merran Kelsall (AUASB)	7/7	N/A	N/A	N/A
Pat Heslin	7/7	19,654	634	20,288
John Kensington	7/7	17,118	634	17,752
Marje Russ	7/7	19,654	634	20,288
Karen Shires	7/7	16,484	634	17,118
Rowena Sinclair	7/7	19,654	634	20,288
<b>Total Committee Fees</b>		<b>127,434</b>	<b>4,438</b>	<b>131,872</b>

Neil Cherry's fees are included in amounts reported for XRB Members in the second table of this Note. 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.

## 2. Depreciation and Amortisation

	<b>Actual 2015 \$'000</b>	<b>Actual 2014 \$'000</b>
<b>Depreciation and Amortisation</b>		
Depreciation	40	70
Amortisation	13	7
<b>Total Depreciation and Amortisation</b>	<b>53</b>	<b>77</b>



### 3. Investments

	Actual 2015 \$'000	Actual 2014 \$'000
BNZ Term Deposit	202	194
<b>Total Investments</b>	<b>202</b>	<b>194</b>

The term deposit matures on 9 November 2015 and carries an interest rate of 4.5% p.a. The carrying amount of term deposits approximates their fair value.

### 4. Payables

	Actual 2015 \$'000	Actual 2014 \$'000
Creditors	81	118
Accruals	72	29
GST payable	257	230
<b>Total Payables</b>	<b>410</b>	<b>377</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.

### 5. Employee Entitlements

	Actual 2015 \$'000	Actual 2014 \$'000
Holiday Pay Accrual	56	61
Accrued Salaries and Wages	17	21
<b>Total Employee Entitlements</b>	<b>73</b>	<b>82</b>

### 6. Rent Incentive

#### *Current Liability*

	Actual 2015 \$'000	Actual 2014 \$'000
Rent Incentive Wellington	9	9
Rent Incentive Auckland	0	5
<b>Rent Incentive</b>	<b>9</b>	<b>14</b>

***Non-current Liability***

	<b>Actual 2015 \$'000</b>	<b>Actual 2014 \$'000</b>
Rent Incentive Wellington	9	18
Rent Incentive Auckland	0	0
<b>Rent Incentive</b>	<b>9</b>	<b>18</b>

The rent incentive on each lease is as follows:

- The lease of premises at 50 Manners Street, Wellington expires 30 June 2017 with two further rights of renewal of three years each. The first 6 months of this lease was rent free.
- The lease of premises at 55 Shortland Street, Auckland expires 30 June 2017, with no further rights of renewal. The first 6.5 months of this lease was rent free.

7. Property Plant & Equipment

2014/15

\$'000	Furniture and Fittings	Plant And Equipment	Property Improvements	Computer Equipment	Total
<b>Cost</b>					
Opening Balance	123	48	217	112	500
Additions	0	0	0	15	15
Disposals	0	0	0	1	1
<b>Closing Balance</b>	<b>123</b>	<b>48</b>	<b>217</b>	<b>126</b>	<b>514</b>
<b>Accumulated Depreciation</b>					
Opening Balance	38	41	42	108	229
Depreciation	12	6	15	7	40
Disposals	0	0	0	0	0
<b>Closing Balance</b>	<b>50</b>	<b>47</b>	<b>57</b>	<b>115</b>	<b>269</b>
<b>Carrying Amounts</b>					
At 30 June 2015	73	1	160	11	245
At 30 June 2014	85	7	175	4	271

## 8. Intangible Assets

	Actual 2015 \$'000	Actual 2014 \$'000
<b>Cost</b>		
Opening Balance 1 July	20	16
Additions	30	4
Disposals	0	0
<b>Closing Balance 30 June</b>	<b>50</b>	<b>20</b>
<b>Accumulated Amortisation</b>		
Opening Balance 1 July	14	7
Amortisation	13	7
Disposals	0	0
<b>Closing Balance 30 June</b>	<b>27</b>	<b>14</b>
<b>Carrying Amount 30 June</b>	<b>23</b>	<b>6</b>

The intangible assets comprise software licenses.

## 9. 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. 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.

## 10. Employee Remuneration

Remuneration Range	Actual 2015	Actual 2014
\$100,000 - \$109,999	2	2
\$120,000 - \$129,999	1	1
\$130,000- \$139,999	1	0
\$140,000 - \$149,999	0	2
\$150,000 - \$159,999	2	1
\$160,000 - \$169,999	2	1
\$170,000 - \$179,999	2	2
\$190,000- \$199,999	1	0
\$220,000- \$229,999	1	0
\$230,000- \$239,999	0	1

## 11. 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.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client / recipient relationship on terms which are no more or less favourable than those that it is reasonable to expect External Reporting Board would have adopted in dealing with a party at arms length in the same circumstances.

Further, transactions with other Government agencies (for example Government departments and Crown Entities) are not disclosed as related party transactions when they are consistent with the normal operating arrangements between Government agencies and undertaken on the normal terms and conditions for such transactions.

### *Key Management Personnel*

Nil transactions were entered into during the year with key management personnel.

### *Key Management Personnel Compensation*

	Actual 2015 \$'000	Actual 2014 \$'000
Board meeting fees (remuneration to Board members)	166	186
Full time equivalent members	0.5	0.63
Salaries and other short term employee benefits	767	692
Full time equivalent employees	4	4
<b>Total Key Management Personnel Compensation</b>	<b>933</b>	<b>878</b>

Key management personnel includes the Board of the External Reporting Board, the Chief Executive and three Directors. The Board fees included above only includes payments relating to work completed for the External Reporting Board- where members of the External Reporting Board are also on other Boards such as Kimberley Crook (NZASB), Neil Cherry (NZAuASB) and Jane Taylor (NZASB), these fees are excluded.

No Board members received compensation or other benefits in relation to cessation (2014: nil).

## 12. Severance Payments

No severance payments were made to employees during the year (2014: nil).

## 13. Indemnity Insurance

The XRB has professional indemnity insurance at 30 June 2015 of \$1,000,000. (2014: \$1,000,000).

## 14. Operating Lease Commitments

	Actual 2015 \$'000	Actual 2014 \$'000
Not later than one year	150	148
Later than one year and not later than five years	150	228
Later than five years	0	0
<b>Total Operating Lease Commitments</b>	<b>300</b>	<b>376</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 2017. The first 6.5 months of this lease was rent free. This lease has no further rights of renewal.
- The lease of premises at 50 Manners Street, Wellington expires 30 June 2017. The first 6 months of this lease was rent free. This lease has two further rights of renewal.

## 15. Capital Commitments

The Board has no material capital commitments (2014: nil).

## 16. Contingent Liabilities

The Board has no material contingent liabilities (2014: nil).

## 17. Events after the Balance Sheet Date

There were no events after the balance sheet date. (2014: nil).

## 18. Explanation of significant variances against budget

### Statement of Comprehensive Revenue and Expenses

#### *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. Various vacancies existed for varying periods during the year. Provision was also made for our part time staff to go to full time and this did not eventuate during the financial 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.

#### *Miscellaneous Expenses*

This expenditure relates to our fees paid for our research agenda. The final payment will be made on completion of the report in September 2015.

### *Professional Fees*

Professional Fees comprise amounts paid to technical contractors. The XRB has not required any contracted technical expertise in the current financial year.

### **Statement of Financial Position**

#### *Cash at Bank*

Cash balances are higher than budget due to the reduced expenditure incurred during the financial year.

#### *Intangibles*

The increase in intangibles is due to the purchase of the Authodox document management system.

## Independent Auditor's Report

### To the readers of the External Reporting Board's financial statements and performance information for the year ended 30 June 2015

The Auditor-General is the auditor of External Reporting 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 the performance information, including the performance information for an appropriation, of the External Reporting Board on her behalf.

#### Opinion on the financial statements and the performance information

We have audited:

- the financial statements of the External Reporting Board on pages 44 to 63, that comprise the statement of financial position as at 30 June 2015, the statement of comprehensive revenue and expenses, statement of movements in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the External Reporting Board on pages 17 to 23 and 33 to 38.

In our opinion:

- the financial statements of the External Reporting Board:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2015;
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with the Public Benefit Entity Standards Reduced Disclosure Regime.
- the performance information:
  - presents fairly, in all material respects, the External Reporting Board's performance for the year ended 30 June 2015, including:
    - for each class of reportable outputs:



- its standards of performance achieved as compared with forecasts included in the statement of performance expectations for the financial year;
    - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year;
  - what has been achieved with the appropriation;
  - the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure; and
- complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 14 October 2015. 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 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 the performance information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and the performance information. 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 the performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and the performance information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the External Reporting Board's financial statements and performance information 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 External Reporting 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 appropriateness of the reported performance information within the External Reporting Board's framework for reporting performance;
- the adequacy of the disclosures in the financial statements and the performance information; and
- the overall presentation of the financial statements and the performance information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and the performance information. Also, we did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

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 performance information that:

- comply with generally accepted accounting practice in New Zealand;
- present fairly the External Reporting Board's financial position, financial performance and cash flows; and
- present fairly the External Reporting Board's performance.

The Board's responsibilities arise from the Crown Entities Act 2004 and the Public Finance Act 1989.

The Board is responsible for such internal control as it determines is necessary to enable the preparation of financial statements and performance information that are free from material misstatement, whether due to fraud or error. The Board is also responsible for the publication of the financial statements and the performance information, whether in printed or electronic form.

### **Responsibilities of the Auditor**

We are responsible for expressing an independent opinion on the financial statements and the performance information and reporting that opinion to you based on our audit. Our responsibility arises from the Public Audit Act 2001.

### **Independence**

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

In addition to the audit, one employee of the Auditor-General has been appointed to each of the standards setting Boards of the External Reporting Board, being the New Zealand Accounting Standards Board (NZASB) and the New Zealand Auditing and Assurance Standards Board (NZAuASB).

In addition, the Auditor-General is a member of the External Reporting Advisory Panel (XRAP) of the External Reporting Board. None of the NZASB, the NZAuASB or the XRAP has any influence over the governance, operations or accountability of the External Reporting Board. The employees and the Auditor-General provide their advice at no cost to the External Reporting Board.

Other than the audit, and involvement with the NZASB, the NZAuASB and the XRAP, we have no relationship with or interests in the External Reporting Board.



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



## Appendix: Board Members

### Members of the External Reporting Board during 2014-15

- Simon Carey, Partner, Grant Thornton, Christchurch (term expires 16 August 2019).
- Neil Cherry, Deputy Chief Executive, Finance, Technology and Commercial – Department of Corrections, Wellington (term expires 30 June 2016).
- Annabel Cotton, Investment Analyst and Accountant, Hamilton (term expires 30 June 2016).
- Michele Embling, Partner, PwC, Auckland (term expires 16 August 2019).
- Kimberley Crook, Partner, EY, Auckland (appointed 1 February 2015, term expires 31 January 2020)
- Graeme Mitchell, Chartered Accountant, Wellington (Chairman from 1 March 2014; term expires 28 February 2019).
- Jane Taylor, Lawyer and Company Director, Queenstown (term expires 8 December 2018).
- Fergus Welsh, Chief Financial Officer, The Treasury, Wellington (appointed 1 February 2015, term expires 31 January 2020)

### Members of the New Zealand Accounting Standards Board during 2014-15

- Stephanie Allan, Group Financial Controller, Fonterra Co-operative Group Ltd, Auckland.
- Carolyn Cordery, Associate Professor, School of Accounting and Commercial Law, Victoria University of Wellington, Wellington.
- Kimberley Crook, Partner, Ernst & Young, Auckland (Chair).
- Clyde D'Souza, Principal of D'Souza Associates, Wellington.
- Karl Hickey, Senior Finance Manager, ANZ National Bank Ltd, Wellington.
- Lyn Hunt, Partner, PwC, Auckland (appointed 1 July 2014)
- Robert Nelson, Retired, formerly Financial Controller, Auckland Council, Auckland.
- Kris Peach, Chair and CEO, Australian Accounting Standards Board, Melbourne (appointed 3 November 2014)
- Angela Ryan, Senior Accounting Policy Analyst, The Treasury, Wellington (Deputy Chair).
- Greg Schollum, Assistant Auditor-General (Accounting and Auditing Policy), Wellington.
- Jane Taylor, Lawyer and Company Director, Queenstown (appointed 1 July 2015-retired 30 June 2015)

## Members of the New Zealand Auditing and Assurance Standards Board during 2014-15

- Robert Buchanan, Lawyer, Wellington.
- Neil Cherry, Business and Financial Consultant, Wellington (Chair).
- Craig Fisher, Chairman, Hayes Knight Chartered Accountants, Auckland.
- Pat Heslin, Partner, Deloitte, Dunedin.
- Merran Kelsall, Chairman Australian Auditing and Assurance Standards Board, Melbourne.
- John Kensington, Partner, KPMG, Auckland
- Chong Lim, General Manager, Audit New Zealand, Wellington (appointed 1 July 2014)
- Marje Russ, Director Tonkin & Taylor, Auckland
- 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).

