



EXTERNAL REPORTING BOARD

Te Kāwai Ārahi Pūrongo Mōwaho

Terms of Reference for the New Zealand Accounting Standards Board

24 August 2011

Role

The New Zealand Accounting Standards Board (NZASB) is responsible for the development, approval and promulgation of accounting standards for application in New Zealand.

Specific Responsibilities

The NZASB's specific responsibilities are:

- Develop or adopt, expose, finalise and promulgate accounting standards appropriate for general purpose financial reporting (GPFR) by entities required to prepare GPFR under New Zealand legislation. Such standards are to be consistent with the “financial reporting strategy” established from time-to-time by the External Reporting Board and should include:
 - the adoption of international standards, development of standards jointly with Australia, or the development of New Zealand specific standards as may be required by the strategy;
 - guidance on the reporting of non-financial as well as financial information included in financial reports as may be required by the strategy;
 - standards for differential reporting and simple format reporting in accordance with any tier structure established by the strategy.
- Develop and promulgate guidance material to support the application of issued standards to the extent necessary.
- Undertake or commission research relating to financial accounting issues relevant to GPFR.
- Liaise with the Australian Accounting Standards Board over the convergence of New Zealand and Australian accounting standards within the parameters of the financial reporting strategy established by the XRB.
- Prepare submissions to international standard setting bodies on exposure drafts issued by them and/or matters of importance to financial reporting in New Zealand.
- Liaise with, and contribute to the work of, international standard setting bodies in areas of importance to financial reporting in New Zealand and which are consistent with the XRB's financial reporting strategy.
- Participate in relevant international fora and groupings including those involving national standard-setters.
- Contribute as appropriate to the development of the XRB's strategic and operating plans and reports including the annual Statement of Intent and Annual Report.
- Act as thought leaders on financial reporting issues.

Approach to Undertaking Responsibilities

In undertaking its responsibilities, the NZASB shall seek to:

- Meet the differing financial reporting needs of the users of various categories of reporting entities, in particular publicly accountable for-profit entities, other for-profit entities, public sector entities and not-for-profit entities;
- Provide high quality standards that promote confidence in reported financial information;
- Respect and encourage input from all of its stakeholders;
- Bring objectivity to the consideration of issues;
- Respect the ability of its stakeholders to exercise professional judgment;
- Respond to stakeholder needs in a timely manner; and
- Improve the process of standard setting.

Accountabilities and Authorities

The NZASB is a committee of the External Reporting Board (XRB) established in accordance with the XRB's authorities under Schedule 5 of the Crown Entities Act 2004. Clauses 14 and 15 of that Schedule apply to the NZASB and its Members.

Members of the NZASB are appointed by the XRB and serve at its pleasure. They report to the Chairperson of the NZASB who in turn is accountable to the XRB for the performance of the NZASB.

The NZASB is delegated authority from the XRB to act in a quasi-autonomous manner in carrying out its responsibilities, including (and in particular) the promulgation of accounting standards without requiring the approval of the XRB (subject to any requirements under section 33 of the Financial Reporting Act for a member of the XRB to sign certificates of determination). However, in doing so the NZASB is required to comply with:

- The sections of the Financial Reporting Act relevant to its functions (including and in particular sections 25, 26, 27, 28, 30, 31 and 33);
- The financial reporting strategy established by the XRB;
- Any other additional written instructions or parameters issued by the XRB from time to time; and
- The requirements of this Terms of Reference.

The NZASB may commission task forces, advisory groups, consultative groups or study groups to aid in the development of accounting standards, guidelines or other material.

The NZASB shall operate within the budget parameters established from time to time by the XRB but shall have no budgetary or personnel-related authority.

Due Process

In developing or adopting accounting standards the NZASB shall follow a process of consultation with affected parties (due process) in accordance with the requirements of section 26 of the Financial Reporting Act 1993.

Operating Procedures

The NZASB shall comply with the following operating procedures in carrying out its responsibilities.

Meetings

- Meetings shall be held as frequently as necessary to discharge its responsibilities.
- Meetings may be held in person or by telephone, videoconference or other similar means.
- A quorum at any meeting shall be a majority of members of the NZASB.
- Meetings shall normally be conducted in public but the NZASB may, at its discretion, decide to conduct a portion of the meeting in private if the subject matter warrants it.
- The NZASB may invite non-member observers to attend and participate in its meetings regardless of whether they are in public or private. Observers invited to attend and participate in meetings do not have any voting rights.

Deputy Chairperson

- A Deputy Chairperson is empowered to act in the absence of the Chairperson. In particular, a Deputy Chairperson will chair meetings if the Chairperson is absent.

Voting

- Each member, including the Chairperson, shall have one vote. The Chairperson shall have an additional vote if required to break a tie.
- Members shall vote according to their own beliefs, experience and judgment based on the discussions they have taken part in, and not according to the views of any firm, organization or constituency with which they are associated.
- The affirmative vote of two-thirds of all members (not just members present) is required for all decisions involving the issuing of an exposure draft, standard, guidance material or the like. A simple majority of all members (not just members present) is required for other decisions.
- A Member not present at a meeting may not vote on a matter considered at that meeting.
- All votes taken in meetings shall be documented in the minutes. The minutes shall constitute proper evidence of the decisions of the NZASB.
- Matters may be voted on by resolution outside of a meeting by way of circular resolution and the same voting rules are to apply.

Conflicts of Interest

- Conflicts of interest may arise where a member has a relationship with another person or entity that could be viewed as impairing the objectivity of the member in relation to a particular issue under consideration. The prior or current giving of professional advice by a

member of the NZASB (or by that member's firm) on a matter that is being considered, or is about to be considered, by the NZASB, is not considered, by itself, to constitute a material personal interest in the matter. However, in such cases, for reasons of transparency, members must declare they have done so or are in the process of doing so at any relevant meeting.

- Where a member believes they may have a conflict of interest, the member concerned must inform the NZASB of the nature of the relationship which could be viewed as affecting the member's objectivity in relation to the particular issue under consideration. This notification is required to be made prior to consideration of the matter(s) concerned. The Chairperson shall determine the future participation, or otherwise, of the member declaring the conflict of interest in the matter under consideration.
- In the event that the Chairperson has a conflict of interest a Deputy Chairperson shall determine the future participation, or otherwise, of the Chairperson in the matter under consideration.
- When the Chairperson (or a Deputy Chairperson as appropriate) has determined that a member has a conflict of interest, that member shall not be eligible to vote on that matter.

Confidentiality

- Members are subject to section 57 of the Crown Entities 2004 and as such have a duty not to disclose information unless authorised to do so. Accordingly Members shall keep meeting materials and information confidential, unless the NZASB or XRB decides to release a particular document or information to the public.

Code of Conduct

- Members shall comply with any Code of Conduct established by the XRB.

Media Contact

- All contact with the media by members of the NZASB shall be conducted in accordance with the XRB's media policy.

Other

- The NZASB may establish other operating procedures in conjunction with the Chief Executive as it sees fit.