



2021/22

Te pūrongo a tau

# Annual Report

FOR THE YEAR ENDED 30 JUNE 2022

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





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## He kupu nā te toihau

# 1. Chair's report



The External Reporting Board (XRB) is pleased to present our *Annual Report* for the 2021/22 financial year. It has been a year of significant growth, with our remit expanded to deliver mandatory climate-related disclosures.

Alongside these new initiatives, the XRB has continued to develop and issue financial and auditing & assurance standards and guidance that engender confidence in the reporting undertaken by New Zealand entities. This Annual Report outlines the specific achievements, so I won't recount them all here in my report. What I would like to highlight, though, is how we have undertaken this work.

We seek to deliver on our vision of achieving prosperity for New Zealand through effective decision making informed by high-quality reporting. This requires us to work with all sectors of the economy and engage with a broad range of stakeholders. As I often say, developing and issuing reporting standards is not a one-way street – we must listen and respond if we are to achieve a balance between the quality of the standards and their practical application and use. The results of our stakeholder research signal that we are performing well here, with overall satisfaction at 75%. We will continue to maintain that success and build on it over the coming year.

It's an inescapable cliché these days, but the world is changing. The Government's decision to expand our mandate to deliver Climate-related Disclosures and a framework for non-financial reporting reflects that change. The evolving reporting landscape does not exist in isolation – it is inextricably linked, like a spider

web, to a range of externalities. So just as developing standards is not a one-way street, the XRB does not exist, or operate, in a bubble.

It is imperative that we understand the strategic issues facing reporting entities across all sectors of the economy. Robust standard-setting involves having our finger on the pulse to be able to anticipate what's ahead. For this reason, as part of the stakeholder research undertaken this year, the Board commissioned additional research focused on understanding the strategic issues facing entities and how these issues will impact their sector.

Knowing the strategic issues entities are facing means the XRB can anticipate and, importantly, adapt. It is encouraging that the issues identified by stakeholders mirror our expanded mandate to some extent, with environmental and sustainability issues ranking highest. The quality of audit and assurance; trust in institutions, society's changing expectations, and te ao Māori were also identified as key strategic issues for entities. Stakeholders signalled an expectation that the XRB will take a lead on these issues and so many of these topics will be a focal point in the Board's strategic planning. I look forward to providing an update on our strategic planning early in 2023.

I would like to thank my fellow Board members, XRB staff, the members of our standard-setting Boards and Advisory Panels, and the many stakeholders who have contributed to our work over the past year. In particular, I would like to acknowledge outgoing Audit & Assurance Board Chair Robert Buchanan for his years of dedicated service.

I look forward to working with you all in the year ahead.

Ngā mihi nui

**Michele Embling**

## He kupu nā te tumuaki

# 2. Chief Executive's report



This year has been another busy one for the XRB. This *Annual Report* provides an overview of our key deliverables, but I would like to focus on three in particular:

1. Our ongoing alignment with international standards, ensuring global competitiveness
2. A continued focus on the frameworks for accounting and audit & assurance standards that engender trust and confidence in New Zealand entities
3. Development and delivery of the Climate-related Disclosure standards and sticking to our commitment to deliver these standards iteratively and consultatively

We have responded at pace to our expanded mandate to deliver climate reporting, while maintaining an unwavering commitment to developing and delivering robust accounting and audit & assurance standards and guidance.

### Building on the past – moving to the future

The XRB is well recognised for delivering high-quality standards that contribute to increasing New Zealanders' trust and confidence in the financial reporting of corporate business, public, and not-for-profit entities. Our external stakeholders respect us for our professionalism and technical excellence, and our impact extends beyond New Zealand's shores through our contribution to the development of international standards.

The range of stakeholders for whom reporting standards applies is broadening. Users are increasingly demanding richer information (beyond financial reporting) that better enables informed decision making on how an entity is delivering on its commitments to society.

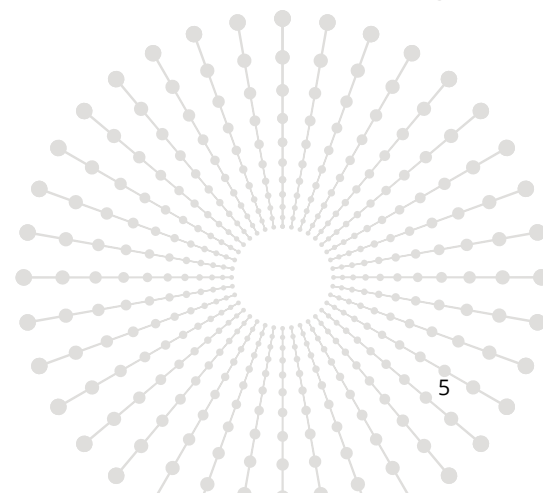
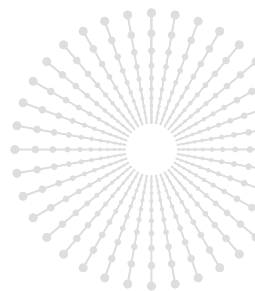
The XRB has had to increase its capability and capacity to meet the demands of our extended mandate. In 2021 we began implementing our transformation: 'Building on the past – moving to the future', which has enabled us to start growing the technical and operational capability needed. The current tight labour market has presented challenges, and while we have been able to do the 'heavy lifting' on climate reporting, building our capability in this area has taken longer than expected.

A broader range of skills and expertise is also needed to develop a world-leading framework for non-financial reporting that is unique to Aotearoa New Zealand. This work has also been delayed due to difficulties in securing appropriate skills and expertise, but we have now started on a project titled 'Ngā pou o te kawa ora', which references the pillars of life. We are excited to be undertaking this important mahi and look forward to providing updates over the coming year.

I thank our Boards, the staff of XRB, and all the many stakeholders we work with for their contribution and support in the past year.

Ngā mihi nui

**April Mackenzie**



### 3. Our strategy on a page

#### Our Purpose

We enable high-quality, trusted, and integrated reporting by providing robust frameworks and standards that are internationally credible. They are also relevant to Aotearoa New Zealand, so that reporting and assurance in New Zealand promotes trust, confidence, transparency and accountability.

#### Our Vision

New Zealand prospers through effective decision making for resource allocation informed by high-quality, trusted, and integrated reporting.

#### Our Strategic Intentions



**Trusted**

High-quality reporting and assurance that maintains confidence in New Zealand's reporting and promotes transparency and accountability across all sectors of the economy.



**Informative**

Reporting that generates relevant information to support informed decision making and better outcomes for New Zealand.



**Integrated**

Reporting that encompasses both financial and non-financial information spanning the natural, human, social, and financial capitals that support intergenerational wellbeing.

#### What we will deliver

Reporting strategies and frameworks

Financial reporting standards

Audit and assurance standards

Climate standards

International liaison

#### How we will deliver

**Lead** to ensure stakeholders understand the purpose and value of reporting standards and are informed of international developments.

**Influence** through debate and thought-leadership to promote improved reporting processes and ensure high-quality global standards that are both applicable in New Zealand and in the public interest.

**Collaborate** with stakeholders, with a greater emphasis on Māori, throughout the lifecycle of developing standards and ensure external reporting and assurance gaps are identified, understood, and addressed.

**Respond** to stakeholder input and the fast-changing external reporting landscape to ensure our frameworks, standards and guidance are robust and sustainable.

## Pēhea te āhua o tā mātou mahi

# 4. How we work

We enable high-quality, credible, and integrated reporting by providing robust frameworks and standards that are internationally credible, while being relevant to Aotearoa New Zealand. This means that reporting and assurance in New Zealand promote trust, confidence, transparency, and accountability.

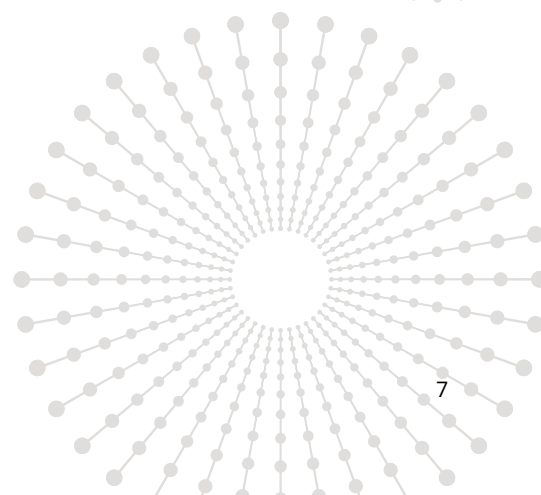
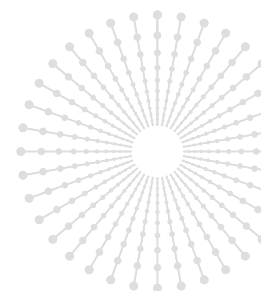
Our starting point for developing standards is the adoption of international standards. This enables international alignment, which is particularly important for entities operating in the international capital markets, where being able to assert compliance with international reporting standards is critical for fundraising. This approach also reduces domestic standard-setting costs. The main international standard-setting bodies we liaise with are:

- » the International Accounting Standards Board (IASB): International Financial Reporting Standards (IFRS)
- » the International Public Sector Accounting Standards Board (IPSASB): International Public Sector Accounting Standards (IPSAS)
- » the International Auditing and Assurance Standards Board (IAASB): International Standards on Auditing (ISA)
- » the International Ethical Standards Board for Accountants (IESBA): International Code of Ethics.

We have also recently started building relationships with international organisations in the field of climate-related disclosures and integrated reporting – these include the International Sustainability Standards Board (ISSB) and the Taskforce on Climate-related Financial Disclosures (TCFD).

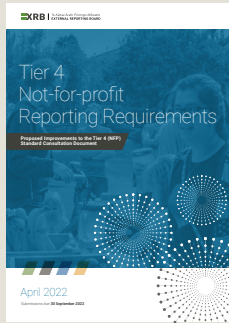
In addition to issuing internationally consistent standards, we also explore the option of ‘New Zealandising’ these international-based standards. This is critical to ensuring preparers and users have trust and confidence in the information provided, as well as providing a platform to understand whether standards are generating the information users need. We also consider what practical issues are being encountered with the implementation of standards in New Zealand, alongside the cost of compliance for reporting entities.

Consultation with stakeholders before issuing any standards is a statutory obligation and an essential part of the standard-setting process. We organise many seminars and webinars, as well as publishing articles and newsletters on a wide range of matters. The XRB Board also engages with key stakeholder groups about broader financial reporting system matters.

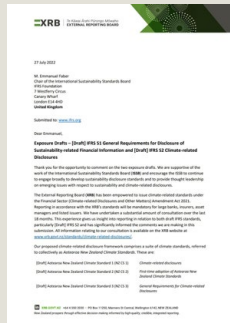


# 5. Key deliverables – at a glance

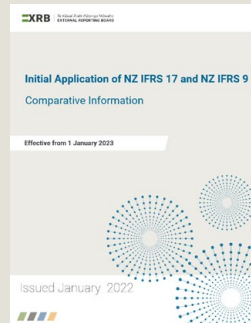
## What we delivered 2021/22



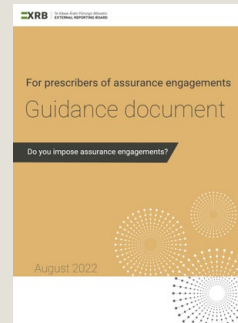
**29**  
Exposure drafts  
& consultation  
documents issued



**15**  
International  
submissions



**16**  
Standards issued



**15**  
Guidance, fact sheets,  
and support resources  
published

### Engagement



**129**  
Events & Forums



**46**  
E-newsletters



**111**  
LinkedIn posts

### Reach

**6,200**  
Attendees

**2,805**  
Subscribers

**2,085**  
Followers





## 6. Assessing our impact

In developing and delivering standards, we have an enduring focus on ensuring that they:

- » are understood by those preparing reports
- » produce credible, comparable, and useful information for users that enhances trust and confidence
- » enable global competitiveness for New Zealand entities.

One of the ways we assess the impact of our work is by surveying stakeholders. The stakeholder research took a slightly different approach to previous years. In parallel with an online survey, 19 qualitative interviews were undertaken with a select group of Senior (CE/ Chair) stakeholders to understand the key strategic issues their sector or industry is facing. We had three overall objectives in undertaking this research:

1. Gain insights into the key issues facing stakeholders to inform the XRB's strategic direction
2. Form a measure of our performance overall to assess whether we are delivering the right things and to what level of quality
3. Evaluate the nature of our interaction with stakeholders to understand whether we are communicating and engaging with stakeholders in the right way

The majority of our stakeholders indicated they are satisfied with our performance overall. Stakeholders also acknowledged the level of consultation and engagement we undertake in developing and/or adopting standards. A notable highlight has been the level of engagement undertaken to develop the **Climate-related Disclosures**. Stakeholder engagement for developing the standards has been both extensive and meaningful, with reporting entities participating and broader stakeholders contributing significantly to this work. Our overall engagement approach and the positive feedback we have received from stakeholders has also been a catalyst for us to think about how we engage with broader stakeholders – beyond the accounting and audit professions.

Audit and Assurance practitioners were also mostly satisfied with the useability of standards for preparers and audit practitioners and the level of support we provide in the form of guidance (72% satisfaction). Those using accounting standards returned a slightly lower result at 58%. The complexity and understandability of standards was a recurring theme throughout the research. Although significant work has been undertaken to **simplify Tier 3 and 4 Not for Profit** reporting standards, more work is needed in this area. Introducing specialist communication support to work across all subject-matter areas at the XRB has had a positive and notable impact. It has assisted us to communicate technical information in a more accessible manner and increase engagement efforts overall. Our website is a key channel for preparers, and the refreshed and reorganised website launched in February this year has been well received. Stakeholders indicate a high level of satisfaction (88%).

Over 80% of stakeholder survey respondents demonstrated support for our adoption of **international standards**. Adopting international standards is a critical aspect of ensuring the reporting undertaken by New Zealand entities is credible, enabling them to compete in global markets. Maintaining the balance between reporting being locally relevant but internationally credible is an enduring and important focus. This is underpinned by the process we follow to adopt international standards and ongoing work to influence international standard-setting bodies. This process was put to the test this year as we adopted the revised standard for the provision of **Non-Assurance Services** issued by the International Ethics Standards Board (IESBA). To ensure our standards remain both internationally credible and locally relevant, we adopted the IESBA standard and added two New Zealand paragraphs to ensure consistent application and enforcement in our context. We worked closely with stakeholders and our Australian and IESBA colleagues with the intent of ensuring we converge with international standards and harmonise with Australian standards.

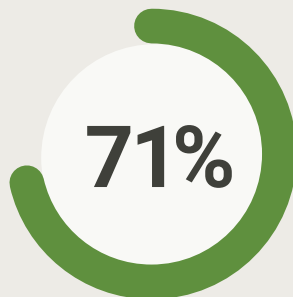
## Stakeholder research findings

The independent stakeholder research undertaken by Kantar Public this year took a slightly different approach to previous years. In parallel to an online survey, qualitative interviews were conducted with a select group of senior (CE/Chair) stakeholders to gain an understanding of the key strategic issues their sector or industry are facing. Our objectives in undertaking this research were threefold:

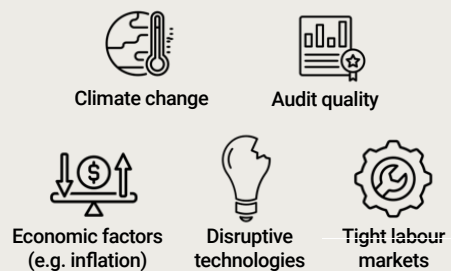
1. Gain insights into the key issues facing stakeholders to inform the XRB’s strategic direction
2. Form a measure of the XRB’s performance overall to assess whether we are delivering the right things and to what level of quality
3. Evaluate the nature of our interaction with stakeholders to understand whether we are communicating and engaging with stakeholders in the right way

The following provides a snapshot of results.

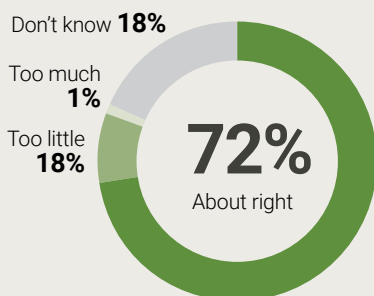
The majority of stakeholders are satisfied with the XRB and their interactions with the organisation



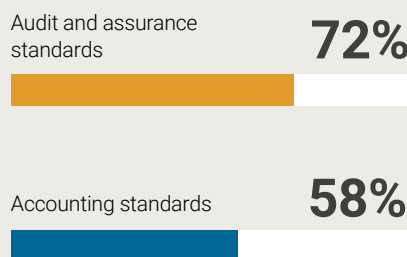
The top 5 factors that are seen to have the greatest strategic impact over the next few years are:



Agree the amount of consultation before adopting a new standard is about right



Most agree the XRB provides good supporting information



The majority agree New Zealand should be adopting international standards to ensure global competitiveness for NZ entities:



The research identified key areas where the XRB could improve its performance:

**1** Provide more **Guidance, Support and Education**

**2** Increase **engagement**

**3** Consider the **New Zealand context**

The full Stakeholder Survey results can be viewed [here](#).

## 7. Future focus areas

### ▶ Responding to user information needs

Our aim is to help engender trust and confidence in New Zealand organisations' external reporting, to assist them to compete internationally, and to enhance their accountability to stakeholders. As part of our role in helping to ensure New Zealand is a reputable market, trusted by investors and other stakeholders, we must thoroughly understand the various users of reporting information and their evolving information needs. Consequently, we will be exploring ways to identify and segment users of reporting information so that the standards we issue can better add value for users.

### ▶ Develop non-binding guidance on non-financial reporting

Alongside our expanded mandate to develop Climate-related Disclosures, the Government has enabled us to develop non-binding guidance on non-financial reporting. This work will focus on developing a world-leading framework for non-financial reporting that is unique to Aotearoa New Zealand and supports entities to externally report the intergenerational and interconnected impact of the activities they undertake. Initially this work will focus on a reporting framework for Māori entities which applies a te ao Māori world view, but the ultimate objective will be to deliver one reporting framework that a broad range of entities can use. The framework will be developed by consulting and engaging with a range of stakeholders as well as other international non-financial reporting frameworks.

### ▶ Increased provision of guidance and resources

Stakeholders sent a clear signal through the stakeholder research that they appreciate our enhanced engagement efforts but want to see more. We've already responded to this by producing more user-friendly guidance and increasing the type and frequency of external engagement events, introducing mechanisms such as our new 'Need to Know' and 'Deep Dive' webinar events. Continued work to build on growing our engagement with stakeholders will be a key focus in the year ahead.

### ▶ Assisting entities tell their performance story

Stakeholders indicated through both the quantitative and qualitative surveys a lower satisfaction with our work on assisting entities to better communicate their performance story. While helping entities in this area is strongly linked to the previous future focus area (Increased provision of guidance and resources), stakeholders also expressed a desire for the XRB to take a more visible leadership role in demonstrating best practice in this area. Our work to improve this will also have strong links with the development of guidance on non-financial reporting.

## Mana whakahaere

# 8. Governance

Our Board provides strategic oversight and includes up to nine members who are appointed by the Governor-General on the recommendation of the Minister of Commerce and Consumer Affairs. Our two technical advisory boards – the Accounting Standards and Audit & Assurance Standards Boards – provide technical expertise and advice on developing and implementing our reporting and assurance standards. The Advisory Panel (XRAP) provides a forum where the XRB and its sub-boards can consult with individuals and representatives of organisations affected by their work. XRAP is a key part of the XRB’s strategy to enhance meaningful engagement with our stakeholders.

**“ XRAP is a key part of the XRB’s strategy to enhance meaningful engagement with our stakeholders.**

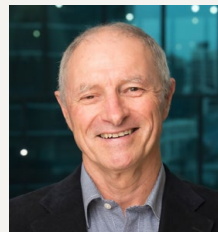
### XRB Board



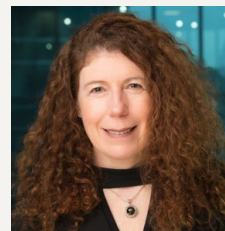
*Michele Embling  
(Chair)*



*Jane Taylor  
(Deputy Chair)*



*Michael Bradbury*



*Jacqueline Cheyne*



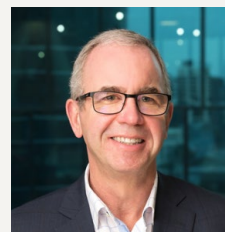
*Bill Edge (to May 2022)*



*Julia Fink*



*John Kensington*



*Fergus Welsh*

*Sheree Ryan joined the XRB Board August 2022*



## Auditing & Assurance Standards Board

Robert Buchanan (Chair)  
 John Kensington (Deputy Chair)  
 Robert Cox  
 Clyde D'Souza  
 Bill Edge  
 David Hay  
 Mark Maloney  
 Ian Marshall (to September 2021)  
 Marje Russ  
 Vasana Vanpraseuth

## Accounting Standards Board

Carolyn Cordery (Chair)  
 Angela Ryan (Deputy Chair to December 2021)  
 Michael Bradbury (Deputy Chair)  
 Nives Botica-Redmayne  
 Francis Caetano  
 Keith Kendall  
 Denise Hodgkins  
 Richard Perry  
 Richard Smyth  
 Jason Stinchcombe  
 Warwick White (from January 2022)

## External Advisory Panel (XRAP)

Craig Fisher (Chair)  
 Darren Beattie  
 Katie Beith  
 Simon Brotherton  
 Mike Burrell  
 Felicity Caird (to October 2021)  
 Carol Campbell  
 Mark Flintoff  
 Peter Gudsell  
 Joe Hanita (to September 2021)  
 Rick Jones  
 Jim McElwain  
 Steven Moe  
 Greg Munford  
 Kirsten Patterson (from January 2022)  
 John Ryan  
 Sheree Ryan  
 Samantha Sharif  
 Cameron Town  
 Joost van Amelsfort  
 Tony van Zijl  
 Peter Vial  
 Rickey Ward  
 Simon Wilkins

## Thank you to following members who have retired from service.

### XRB

Bill Edge

### Accounting Standards Board

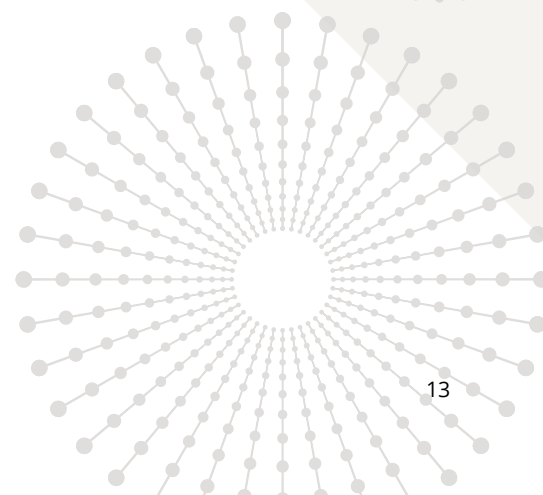
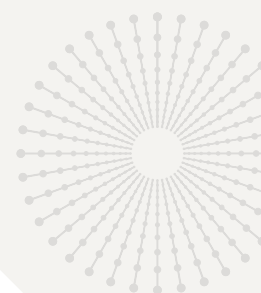
Nives Botica-Redmayne  
 Angela Ryan

### Auditing & Assurance Standards Board

Robert Buchanan  
 Robert Cox  
 Clyde D'Souza  
 Ian Marshall

### XRAP

Felicity Caird  
 Joe Hanita  
 Carol Campbell



## He rawa mō ngā mahi kia tutuki

# 9. Ownership performance

## Scope of business

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

- » Financial Reporting, Audit & Assurance standard-setting, Climate-related Disclosures, and associated strategy-setting functions. The XRB's actual scope of business consistently fell within the planned scope of business during the year.

## Financial performance

Financial statements for the year ended 30 June 2022 are provided in the Financial Statements of this Annual Report. A summary of the XRB's actual financial performance, compared to budgeted performance for the year, is provided in the table below.

## Operating

An operating surplus was generated during the financial year. This was primarily due to the additional funding received to deliver work on Climate-related Disclosures, but we experienced challenges in securing the required technical and specialist resources because of labour market shortages. Significantly reduced travel expenditure due to Covid-19 also contributed to the surplus. Note 21 to the financial statements provides more detail about the major variations in specific expense items.

## Capital expenditure

Our capital expenditure for the year to 30 June 2022 is \$46,000. This is primarily for replacing computing equipment, laptops, tablets, and peripherals.

## Financial measure

	2021/22 Actual (\$'000)	2021/22 Budget (\$'000)
Revenue – Government appropriation	8,581	8,581
Interest – Other	29	26
Expenses	6,428	8,607
Operating Surplus/(Deficit)	2,182	0
Equity	5,399	3,035
Net Cash Flows from Operating Activities	2,291	(155)

## Acquisitions

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

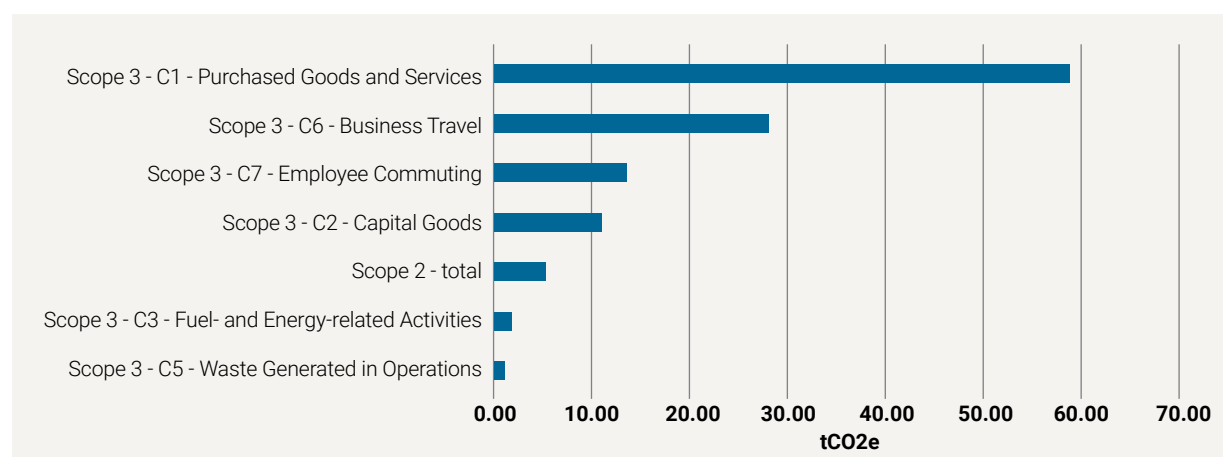
## GHG emissions

The XRB is taking steps to measure our greenhouse gas (GHG) emissions with the 2021/22 financial year being the first year we have calculated emissions. Emissions are measured taking the operational control approach.

### GHG emissions 2021/22

	tCO <sub>2</sub> e	% of total
Scope 1	0	0
Scope 2	4.9	4.1
Scope 3	114.9	95.9
<b>Total</b>	<b>119.8</b>	<b>100</b>

### Main emission sources



The XRB's carbon footprint has been prepared in line with the following standards:

- ISO 14064-1:2019 Greenhouse gases Part 1
- Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standard
- Greenhouse Gas Protocol – Corporate Value Chain (Scope 3) Accounting and Reporting Standard

Our two main sources of GHG emissions are both scope 3 emissions: purchased goods and services, and travel. Despite border closures limiting international travel, air travel accounted for 25 percent of our emissions for the year.

Overall, in 2021/22, the XRB had 119.48 kg tCO<sub>2</sub>e of Scope 2 (purchased energy) and Scope 3 emissions. However, due to the COVID-19 pandemic and subsequent alert level changes, 2021/22 does not represent a 'normal' year. This means there will be a variation in our baselining process as we move into a post-COVID world which will likely cause an increase in our overall carbon footprint however, our intention is to see a reduction in our emissions from pre-COVID levels.

## Organisational capacity and capability

The table below outlines key capacity and capability initiatives planned for and achieved during the year.

2021/22 Planned	2021/22 Achieved
Retaining a near full complement of suitably qualified staff.	XRB has built a permanent team in the climate standards area but is still relying on secondment and contract staff to fill skill gaps in a tight labour market.
Maintaining near full operational capability in the Wellington office and full operational capability in the Auckland office.	The Wellington office is operating at near full operational capacity. The Auckland shared workspace is also operating at full capacity for XRB staff.

## Managing organisational risks

The XRB board conducted a complete risk review and highlighted key risks and mitigations. The management team are developing the risk treatment plans.

## Employer information

### Workforce profile at 30 June

	2021/22	2020/21
<b>Workforce component</b>		
Employees	29	19
Part-time	4	3
Casual	1	1
Women	66%	74%
Women in management team	83%	75%

	2021/22	2020/21
<b>Workforce age profile</b>		
Under 30 years of age	7	1
30-39 years of age	8	2
40-49 years of age	8	6
50-59 years of age	5	6
≥60 years of age	1	3

Ten people resigned during the year. Staff restructuring during the year resulted in additional positions. Some staff chose to leave through the process.



## Good employer information

The XRB is an equal opportunity employer and supports and endorses the principles underlying equal opportunity and good employer legislation. We value our employees, who we see as our key resource. We strive to provide a caring, inclusive, and parent-friendly environment that 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 & 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 organisation are involved in establishing work programmes and priorities, sharing team achievements, and shaping the organisation's future.

### Recruitment, selection & induction

Wherever possible, we operate open and public recruitment processes. Candidates of varying skills and backgrounds are encouraged to apply. We appoint staff based solely on qualifications, experience, relevant skills, and ability to operate within the 'one team' organisational culture. Age, ethnicity, gender, or physical disabilities are not a factor in our recruitment processes.

### Employee development, promotion & exit

To support development of all staff, we maintain a high degree of interaction between the senior leadership and staff. This is augmented through technical training and personal development for all staff.

We operate a formal process including annual performance agreements and annual performance reviews (as well as informal performance discussions during the year). This forms the basis for ongoing dialogue between managers and staff and is also used to address good and poor performance, as well as informing remuneration reviews.

### Flexibility & work design

We operate in three major geographical areas (Wellington, Auckland, and Christchurch), which ensures we can recruit and retain the best possible staff regardless of location. We are output-focused and operate a policy of flexible working designed to accommodate the needs of staff.

### Remuneration, recognition & conditions

Staff salaries are reviewed by the Chief Executive annually. The review considers individual performance, market conditions, and any advice from the Public Service Commission about setting remuneration. External providers are used as needed to provide job-sizing and market data to ensure that remuneration is market-related.

The XRB's gender pay gap has declined to -23% (2021: -37%). The gender pay gap is calculated by the median hourly rate method as recommended by Statistics New Zealand. The gender pay gap for the staff involved in standard-setting (the main professional group in the XRB) is -4.7% (2021: -12.8%). The gap reflects the differing seniority (and therefore salaries) of various positions in the organisation.

## Harassment & bullying prevention

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

## Safe & healthy environment

We promote a positive and flexible work environment that celebrates events in people's lives and encourages healthy interaction between staff members. Our flexible work arrangements mean staff are set up to work from home and are now used to doing so. Our working from home policy is proving effective in supporting that flexibility.

We are committed to ensuring that staff are kept safe by making first aid training available and appointing fire wardens. Our office has a civil defence emergency kit, and all staff are encouraged to be prepared for a natural disaster. Workplace assessments and modern desk equipment are provided to ensure employees' comfort at their desks. All staff are encouraged to take their annual leave in the period they earn it. Staff can also access a confidential Employee Assistance Programme when needed.

## Other information required by the Crown Entities Act

We provide the following information as required by section 151 of the Crown Entities Act 2004:

- » In April 2014, the XRB was directed 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 XRB did not undertake any transactions that were in breach of statute, but were validated in accordance with section 20 of the Crown Entities Act 2004.
- » The XRB 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.

Te tauaki mō ngā mahi kia tutuki

# Statement of performance

FOR THE YEAR ENDED 30 JUNE 2022

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The following section reports on the services we were funded to deliver in the year ended 30 June 2022, how we delivered those, and the impact these had on our outcomes.

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## Te tauaki mō ngā mahi kia tutuki

# 10. Statement of performance

### Funding of services

The XRB is funded by a gross appropriation under Vote: Business, Science and Innovation administered by the Ministry of Business, Innovation and Employment (MBIE). The single overarching purpose of this appropriation is to support high-quality financial and non-financial reporting through the activities of the XRB. This appropriation is limited to the funding of one reportable class of outputs.

The description of this output class is: Financial and climate reporting and auditing & assurance standards and other guidance issued for the purposes of promoting the quality of New Zealand financial and non-financial reporting.

Five individual outputs make up the class of output and these are described in the Outputs Performance Statement in the following section.

Output Class	2021/22 Actual \$000	2021/22 Budget \$000	2020/21 \$000
<b>Description</b>			
Financial and climate reporting and auditing & assurance standards and other guidance issued for the purposes of promoting the quality of New Zealand financial and non-financial reporting	All activities undertaken during the year were within this description	All activities undertaken during the year were within this description	All activities undertaken during the year were within this description
<b>Revenue from the Crown (\$'000)</b>	8,581	8,581	5,510
<b>Revenue from others (\$'000)</b>	29	26	8
<b>Expenses (\$'000)</b>	6,428	8,607	4,328
<b>Operating Surplus / (Deficit)</b>	2,182	-	1,190

For this appropriated output class, and individual outputs that make up the class, the following sections set out:

- » the scope of what is intended to be achieved
- » an assessment and explanation of performance
- » financial performance.



## Overall performance statement

This output class is intended to deliver development and issuance of Financial, Audit and Assurance, and Climate-related Disclosures standards and associated documents that align with international standards and are harmonised with Australian standards (where applicable) and relevant in a New Zealand context.

## Outcome performance statement

Our outcome performance statement includes the following two components:

1. Develop and issue financial, Climate-related Disclosures and auditing and assurance standards, and associated guidance that engender confidence in New Zealand financial and non-financial reporting.
2. Assist entities to better communicate their performance, enhance entities' transparency, accountability and stewardship to stakeholders and support high performing and accountable organisations in both the private and public sectors.

## Measuring performance on achieving outcomes

As part of ongoing work to improve how we report on our outcomes, this year we included a question in our stakeholder survey which asked stakeholders to assess our performance against each of our outcome performance statements (above).

Stakeholders indicated an overall satisfaction of 71% with our performance. When assessing satisfaction against the two components of our performance statement, 69% of stakeholders said they are satisfied with our performance statement one: "Develop and issue financial, climate reporting and auditing and assurance standards, and associated guidance that engender confidence in New Zealand financial and non-financial reporting".

However, stakeholders indicated a lower satisfaction with performance statement two: "Assist entities to better communicate their performance, enhance entities' transparency, accountability and stewardship to stakeholders and support high performing and accountable organisations in both the private and public sectors", with 60% satisfaction.

While our outcomes are impacted by a range of external factors including economic and financial conditions, and the activities of international bodies such as the IASB, the IPSASB, and the IAASB, work will continue on improving how we measure our performance on achieving our outcomes.

One of the ways we can assess how well we are achieving on our outcomes is through the lens of broader indicators where there is a natural correlation to our work as standard setters.

The [Corruption Perception Index](#), released by Transparency International in 2021 for example, shows that New Zealand is still rated as a global leader for Public Sector transparency, honesty and integrity, jointly holding the number one ranking with Denmark. The report also shows that New Zealand remains a safe and stable haven to do business, further supporting our aim for entities operating within international capital markets to be both competitive and credible.

The [Department of Internal Affairs 2021](#) research which measures public trust and confidence in the New Zealand Charities sector showed an increase in public trust and confidence in the Charities Sector with 57% of respondents reporting a relatively high level of trust in the charities sector. Three of the top six characteristics which were a factor in respondents level of trust and confidence in an individual charity have a strong correlation with the reporting requirements we set. These factors focused primarily on disclosures about how money is spent and use of donations.

The Financial Markets Association's 2021 research into [Investor confidence in the New Zealand financial markets](#) shows a steady increase in overall trust and confidence which was reported being at the highest level since 2013 at 72%. Key factors cited that supported respondents' confidence included: trust in the market, Government, or authorities responsible for regulation.

# Outputs performance statement

The XRB has five specific outputs that make up its Output Class:

1. Develop and implement reporting strategies and frameworks for the Board's standard-setting activities
2. Prepare and issue financial reporting standards
3. Prepare and issue auditing & assurance standards and other related services standards
4. Prepare and issue climate standards and non-binding integrated reporting guidance
5. Liaise with and influence international bodies

## OUTPUT 1: Reporting strategy

### Develop and implement reporting strategies and frameworks for the Board's standard-setting activities

	2021/22 Actual \$'000	2021/22 Budget \$'000	2020/21 Actual \$'000
Revenue from the Crown	666	666	529
Out of budget cycle revenue from the Crown – Climate-related Disclosures			1,100
Interest and Other Income	29	26	-
Actual expenses	542	604	224
Actual expenses – Climate-related Disclosures			538
Attributed Overhead costs	121	88	124
Operating Surplus / (Deficit)	32	-	1,181
<b>Quality</b>			
Standards frameworks monitoring ensures consistency with international convergence and Australian harmonisation strategy, and approved Tier Strategy	100% consistent	100% consistent	100% consistent
Amendments to Tier Strategy consistent with statutory requirements and consistent with the Government's trans-Tasman outcome goals (XRB Board determines degree of consistency)	No amendments were submitted to the Minister for approval	No amendments were submitted to the Minister for approval	No amendments were submitted to the Minister for approval

Performance measure	Forecast 2021/22	Actual 2021/22
<p>The New Zealand financial reporting framework is fit for purpose and has the support of key stakeholders.</p>	<p>Maintain the existing financial reporting strategy including the multi-standards, multi-tier Accounting Standards Framework</p>	<p>The existing financial reporting framework, including the multi-sector, multi-tier approach, has been maintained over the year.</p>
<p>An integrated reporting framework is developed that is relevant for New Zealand.</p>	<p>Develop and issue for feedback a Te Ao Māori world-view framework for integrated reporting</p>	<p>Work to deliver this project commenced via a Request for Proposal for an external provider to support its delivery. This work is now under way under the auspices of a project called Ngā pou o te kawa ora. It aims to establish a voluntary non-financial reporting framework from a uniquely Aotearoa New Zealand perspective.</p>
<p>Climate reporting standards are developed that promote good-quality decision making.</p>	<p>Develop and issue a strategy and work programme for the climate standards and integrated reporting guidance</p> <p>Develop and issue due process documentation for the climate standards and integrated reporting guidance</p>	<p>The XRB's two Climate-related Disclosures consultation documents (October 2021 and March 2022) detailed the strategy (including principles) and work programme for developing the Climate-related Disclosure standards. These documents were further supported by the publication of feedback documents from each consultation.</p>
<p>Continue monitoring the demand for assurance over Climate Statements and integrated reports.</p>	<p>Develop and issue a consultation document on the levels of assurance required for GHG disclosures in the climate statement</p> <p>Survey investors and preparers about assurance needs in climate statements and issue a report</p>	<p>March 2022 climate consultation on strategy and metrics and targets sought views on the levels of assurance required for GHG disclosures.</p> <p>Research to date informed the inclusion of an assurance section in the metrics and targets consultation document, rather than in the development of a separate report.</p>

Table continued

Performance measure	Forecast 2021/22	Actual 2021/22
<p>Assess the need for audit quality reforms based on international developments regarding governance and audit quality reforms.</p>	<p>Host a series of roundtables to discuss governance and audit quality in New Zealand and issue a report on possible reforms and actions necessary to maintain and enhance governance and audit quality</p>	<p>A series of one-on-one discussions have been held between the XRB and various key stakeholders with plans to monitor international developments, to meet with further stakeholders and reflect on key messages heard.</p>
<p>Obtain stakeholder feedback on the current strategies for developing financial and climate reporting and auditing &amp; assurance standards and other guidance.</p> <p>Feedback should be sought from key stakeholder groups, including users, preparers, auditors, and regulatory bodies. Other mechanisms for receiving feedback include environmental scans, monitoring of media, research, and forums.</p>	<p>Stakeholders agree that XRB engagement processes are effective and fit for purpose and that consultation documents are clear and understandable</p>	<p>Our stakeholder survey showed the majority of stakeholders (71%) are satisfied with our overall performance developing financial and climate reporting and auditing &amp; assurance standards and other guidance. Stakeholders also indicated satisfaction (72%) with the level of consultation undertaken before adopting a standard. (See results featured on page 10)</p>



**OUTPUT 2:****Preparing and issuing financial reporting standards**

	2021/22 Actual \$'000	2021/22 Budget \$'000	2020/21 Actual \$'000
Revenue from the Crown	2,092	2,092	2,470
Actual expenses	1,292	1,827	1,623
Attributed Overhead costs	366	265	579
Operating Surplus / (Deficit)	434	-	268
<b>Quality</b>			
Due process documents and standards reflect approved Tier Strategy (NZASB determines degree of compliance )	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 (NZASB determines quality improvement)	100% compliance	100% compliance	100% compliance
For-profit standards harmonised with Australia where appropriate	100% compliance	100% compliance	100% compliance
<b>Timeliness</b>			
Due process documents and standards relating to the financial reporting 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 financial reporting 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

Performance measure	Forecast 2021/22	Actual 2021/22
<p>Number of exposure drafts (EDs) exposed for comment in New Zealand</p>	<p>9 EDs related to for-profit international standards</p> <p>4 EDs related to public sector international standards</p> <p>9 EDs that have been developed domestically specifically for New Zealand</p>	<p>7 EDs related to for-profit international standards</p> <p>5 EDs related to public sector international standards</p> <p>10 EDs that have been developed domestically specifically for New Zealand</p> <p>From the 10 domestic EDs issued by the NZASB in the period, 6 were in response to New Zealand-specific issues</p>
<p>Number of NZASB Accounting Standards issued</p>	<p>8 standards based on for-profit international standards</p>	<p>2 IASB based standards issued by NZASB</p> <p>The number of accounting standards issued by the IASB in 2021/2022 was less than forecasted by the NZASB. The IASB in 2021/2022 issued 2 final accounting standards, for which New Zealand equivalent standards issued by the NZASB in the same year.</p> <p>The NZASB forecast was estimated based on consideration of the IASB Work Plan as of February 2021 and the previous history of standards issued annually by the IASB.</p> <p>The IASB has a number of ongoing projects, including <i>Primary Financial Statements</i>, <i>Goodwill and Impairment</i>, <i>Rate Regulated Activities</i>, and <i>Targeted Standards-level Review of Disclosures</i>, <i>Business Combinations Under Common Control</i>, and <i>Equity Method</i>. The NZASB originally estimated that some of these IASB projects would be completed in the 2021/2022 year, but as of 30 June 2022 remain in progress.</p>

Table continued

Performance measure	Forecast 2021/22	Actual 2021/22
Number of NZASB Accounting Standards issued	7 standards based on public sector international standards	<p>The IPSASB in 2021/2022 issued 3 final accounting standards, for which the NZASB:</p> <ul style="list-style-type: none"> <li>• Issued 1 New Zealand equivalent standard – <i>2022 Omnibus Amendments to PBE Standards</i> (based in IPSASB Improvements);</li> <li>• Issued a New Zealand exposure draft based on the international standard – <i>PBE IPSAS 43 Leases</i>; and</li> <li>• Deferred the issuance of 1 New Zealand equivalent standard until other <i>Measurement</i> related projects are completed by the IPSASB – <i>Non-Current Assets Held for Sale and Discontinued Operations</i>.</li> </ul> <p>The NZASB forecast was based on a review of the IPSASB Work Plan as of February 2021.</p> <p>The IPSASB has a number of ongoing projects, including <i>Revenue, Transfer Expenses, Measurement, Natural Resources, and Concessionary Leases</i>. The XRB originally estimated that these IPSASB projects would be completed in the 2021/2022 year, but as of 30 June 2022 remain in progress.</p>

Table continued

Performance measure	Forecast 2021/22	Actual 2021/22
<p>Number of NZASB Accounting Standards issued</p>	<p>4 domestic based standards and/or amending standards issued by NZASB as follows:</p> <p><b>1.</b> Disclosure of Fees Paid to Audit Firms</p> <p><b>2. &amp; 3.</b> Amendments to Tier 3 &amp; 4 PBE Standard</p> <p><b>4.</b> Public Sector Insurance</p>	<p>1 domestic standard issued by NZASB</p> <p>The NZASB has direct control over when it completes its domestic projects. However, the issuance of a final standard will ultimately depend on the extent of stakeholder feedback received and can be impacted by other unforeseen external factors.</p> <p>The 2021/2022 forecast was based on consideration of the NZASB Work Plan as of February 2021.</p> <p>Comments on the 4 domestic projects forecasted by the XRB to be issued in the 2021/2022 year are provided below.</p> <p>This project was originally planned to be completed jointly with the Australian Accounting Standards Board (AASB), however the AASB agreed to halt the project development. Based on stakeholder feedback, the NZASB ultimately agreed to issue an ED ahead of the AASB.</p> <p>The NZASB issued an ED in June 2022 and a final standard is expected to be approved in December 2022.</p> <p>The NZASB approved 4 EDs in May 2022, which closed for comment in September 2022.</p> <p>The NZASB issued an ED in March 2022.</p> <p>This project is being developed jointly with the AASB. Additional time has been taken to address issues raised by stakeholders before issuing a final standard.</p>

Table continued

Performance measure	Forecast 2021/22	Actual 2021/22
Number of other guidance documents issued to support consistent application of standards	8 staff FAQ and other guidance expected to be issued	<p>3 FAQ-type guidance issued on applying existing XRB Accounting Standards</p> <p>1 guidance document issued on applying an IFRS Interpretation Committee decision</p> <p>2 guidance documents issued to promote awareness of new Accounting Standards</p> <p>1 new Tier 4 reporting template issued for smaller not-for-profit entities</p> <p>Other general guidance material published on XRB website about new IFRS Interpretation Committee decision issued during the year</p>
Standards reflect relevant international standards, with departures only to improve quality for the New Zealand environment. And for-profit accounting standards harmonised with Australia, where appropriate for New Zealand.	100% compliance	<p>Partially achieved. Accounting standards are currently not fully aligned with Australia from a disclosure perspective. The NZASB is waiting to see if an ongoing IASB reduced disclosure project will provide a future basis for developing Tier 2 for-profit disclosure requirements in New Zealand.</p> <p>All new international standards issued in the period have been considered by the NZASB and incorporated into XRB Accounting Standards as required.</p> <p>The NZASB had worked on several joint projects with the Australian Accounting Standards Board (AASB) over the period.</p> <p>For all standard-setting activity in the period, the NZASB has considered the need for harmonisation with Australia.</p>
Due process followed, as demonstrated by the signing memo and approval by the XRB Board	100% compliance	<p>100% compliance</p> <p>All standards issued in the period were supported by EDs issued for public consultation and the NZASB has deliberated on feedback received.</p>



Table continued

Performance measure	Forecast 2021/22	Actual 2021/22
Number of outreach events presented to support the development of accounting standards and promote awareness of them (e.g., webinars, roundtables, and other presentations)	Number of events: 35 Number of attendees: over 1,500	Number of events: 46 Number of attendees: over 2,000 Events mainly focused on raising awareness of existing frameworks and standards, and EDs issued for public consultation in the period.

**OUTPUT 3:****Preparing and issuing audit & assurance standards and other related services standards**

	2021/22 Actual \$'000	2021/22 Budget \$'000	2020/21 Actual \$'000
Revenue from the Crown	1,360	1,360	1,411
Actual expenses	1,073	1,188	901
Attributed Overhead costs	237	172	332
Operating Surplus / (Deficit)	50	-	178
<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 (NZAuASB determines quality improvement)	100% compliance	100% compliance	100% compliance
Standards are 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

Table continued

Performance measure	Forecast 2021/22	Actual 2021/22
Number of standards issued	<p>4 international-based professional and ethical standards</p> <p>4 international-based auditing &amp; assurance and related services standards</p> <p>2 New Zealand-specific auditing &amp; assurance and related services standards</p>	<p>5 international-based professional and ethical standards</p> <p>4 international-based auditing &amp; assurance and related services standards</p> <p>3 New Zealand-specific auditing &amp; assurance and related services standards</p>
Number of EDs exposed for comment in New Zealand	3 EDs of domestic-based auditing & assurance and related services standards	5 EDs of domestic-based auditing & assurance standards
Develop and issue a consultation document on the applicability of ISAE-NZ 3410 <i>Assurance engagements on Greenhouse gas statements</i> for the assurance of Climate Statements – including consultation on the application of code of ethics, independence requirements, and quality management	Issue consultation document	<p>An advisory panel was formed to progress the development of a consultation document.</p> <p>Work on comparing the existing XRB assurance standards with other internationally recognised assurance standards was completed and stakeholders were consulted to help us develop an exposure draft we intend to release in December 2022.</p>
Due process followed, as demonstrated by the signing memo and approved by the XRB Board	100% compliance	100% compliance
Number of outreach events held to support the development of audit & assurance standards and raise awareness of them (e.g., webinars, roundtables, and other presentations)	<p>Number of events: 25, including:</p> <ul style="list-style-type: none"> <li>- 5 roundtables on Climate Statement Assurance</li> <li>- 2 roundtables on non-assurance services</li> <li>- 3 workshops on implementation of quality management standards</li> </ul> <p>Number of attendees: over 500</p>	<p>We hosted and spoke at 21 events this year, including:</p> <ul style="list-style-type: none"> <li>- 5 events on Greenhouse Gas Assurance</li> <li>- 3 on non-assurance services</li> <li>- 1 on implementing the quality management standards, which reached over 1,000 stakeholders</li> </ul>

**OUTPUT 4:****Preparing and issuing climate standards and non-binding integrated reporting guidance**

This is a new output for 2021/2022.

	2021/22 Actual \$'000	2021/22 Budget \$'000
Revenue from the Crown	3,202	3,202
Actual expenses	1,679	2,796
Attributed Overhead costs	560	406
Operating Surplus / (Deficit)	963	-

Performance measure	Forecast 2021/22	Actual 2021/22
Number of consultation documents issued	<p>Issue 5 consultation documents in the lead-up to issuing a comprehensive exposure draft in July 2022:</p> <ul style="list-style-type: none"> <li>- Governance section of the standard</li> <li>- Risk management section of the standard</li> <li>- Strategy and metrics/targets sections of the standard</li> <li>- Materiality guidance</li> <li>- GHG emissions calculation guidance</li> </ul>	<p>Issued 2 consultation documents, covering 6 topics, in the lead-up to issuing a comprehensive exposure draft. These topics were:</p> <ul style="list-style-type: none"> <li>- Governance</li> <li>- Risk Management</li> <li>- Metrics and Targets</li> <li>- Strategy</li> <li>- Materiality</li> <li>- Level of assurance</li> </ul> <p>Separate guidance and fact sheets on GHG emissions calculation, scenario analysis, director preparation, and getting started on scenario analysis at a sector level were also issued.</p>
Number of outreach events held to support the development of climate-related disclosure standards and raise awareness of them (e.g., webinars, roundtables, and other presentations)	<p>Number of events: 20, including webinars and roundtables on the introduction to Climate-related Disclosures; climate risks and Greenhouse Gas Protocol</p> <p>Number of attendees: over 400</p>	<p>We hosted and spoke at over 60 events, to over 3,200 stakeholders. These ranged from 'deep dive' events on technical elements of the Climate-related Disclosure framework, to targeted sector-specific discussions across the public and private sectors. We also spoke (virtually) at international events in Australia and Singapore.</p>

**OUTPUT 5:****Liaise with and influence international bodies**

This is a new output under the output class – previously this activity was captured under outputs 1-3.

	2021/22 Actual \$'000	2021/22 Budget \$'000
Revenue from the Crown	1,261	1,261
Actual expenses	338	1,101
Attributed Overhead costs	220	160
Operating Surplus / (Deficit)	703	-

Performance measure	Forecast 2021/22	Actual 2021/22
Submissions on relevant international consultation documents	NZASB: 8 submissions NZAuASB: 5-8 submissions	NZASB: 9 submissions NZAuASB: 5 submissions  See page 36 for further detail.
Participation as members on relevant international boards, regional groupings, working groups and task forces  Attendance at meetings and working with international boards to influence international standard-setting	Maintain New Zealand representation on IPSASB and IAASB  Attend (in person or virtually) relevant International Auditing and Assurance Standards Board (IAASB) meetings and participate in related national standards-setters' meetings	New Zealand representation on IPSASB and IAASB maintained in period.  Lyn Provost and our technical advisor attended all IAASB meetings.  Lyn Provost chaired the Fraud Task Force and the Sustainability Assurance Task Force.  Our technical advisor is on the auditor reporting implementation working group.  The NZAuASB Chair and director of assurance participated in the national standard-setters' meetings.
Maintain membership, attendance, and participation in Australian boards (Financial Reporting Council (FRC); Australian Accounting Standards Board (AASB); Australian Audit and Assurance Standards Board (AuASB))	Attend (in person or virtually) all International Public Sector Accounting Standards Board (IPSASB) meetings and participate in related national standard-setters' meetings	Todd Beardsworth and our technical advisor attended all IPSASB meetings (virtually or in-person).  The NZASB Chair is also a member of the AASB and participated in all AASB meetings.

Table continued

Performance measure	Forecast 2021/22	Actual 2021/22
	<p>Ongoing membership of the Australian Standards Boards (FRC, AASB and AuASB)</p> <p>Maintain strong working relationship with the International Ethics Standards Board for Accountants (IESBA)</p>	<p>The NZAuASB Chair is also a member of the AUASB and participated in all AUASB meetings.</p> <p>The Chair of the XRB is a member of the FRC and attends meetings with the Chief Executive who is an observer.</p> <p>Maintained strong relationship with IESBA, engaging directly with IESBA staff on the topic of non-assurance services and public interest entity.</p>
<p>Staff secondments to relevant international standard-setting bodies</p>	<p>Staff secondments to relevant international standard-setting bodies where appropriate</p>	<p>None due to travel restrictions.</p>
<p>Host international guests from relevant international organisations at various forums</p>	<p>As appropriate but including:</p> <ul style="list-style-type: none"> <li>- Chair of the International Public Sector Accounting Standards Board (IPSASB)</li> <li>- International Accounting Standards Board (IASB) members and staff</li> <li>- IFRS Trustees and staff</li> </ul>	<p>The Chair of the IPSASB attended the 21 February NZASB meeting, and meetings with the NZASB Chair quarterly.</p> <p>The NZASB Chair met with the IASB Vice-Chair in September and met with other IASB Board members during the year.</p> <p>The ISSB Vice-Chair and technical staff met with the XRB climate staff several times during the year. XRB climate staff also presented at international fora on New Zealand's work on climate-related disclosures. Joanna Perry, IFRS Trustee met with the XRB Board.</p>



# 11. Standards gazetted 2021/22

## Accounting standards and amending standards gazetted 2021/22

Title	Description	Date issued
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	Clarifies the accounting for deferred tax on transactions, such as leases and decommissioning obligations, that led to the recognition of an asset and liability from a single transaction	July 2021
Initial application of NZ IFRS 17 and NZ IFRS 9 – Comparative Information	Addresses a concern raised internationally by some insurers about the usefulness of the comparative information that would be presented for financial assets on initial application of IFRS 17 <i>Insurance Contracts</i>	January 2022
Initial Application of PBE IFRS 17 and PBE IPSAS 41 – Comparative Information	Addresses a concern raised internationally by some insurers about the usefulness of the comparative information that would be presented for financial assets on initial application of PBE IFRS 17 <i>Insurance Contracts</i>	June 2022
2022 Omnibus Amendments to PBE Standards	Amendments arising from narrow scope changes to International Public Sector Accounting Standards	June 2022

## Assurance standards and amending standards gazetted 2021/22

Title	Description	Date issued
<p>PES 3 Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements</p> <p>PES 4 Engagement Quality Reviews</p> <p>ISA 220 (Revised) Quality Management for an Audit of Financial Statements</p> <p>Conforming Amendments to ISAs (NZ) and other Pronouncements Arising from the Quality Management Projects</p>	Introduces a revised suite of Audit Quality Management standards	July 2021
Revisions to PES 1 Addressing the Objectivity of an Engagement Quality Reviewer and Other Appropriate Reviewers	Amends objectivity requirements in PES 1	July 2021
2021 Amendment to NZ AS 1 The Audit Service Performance Information	Amends effective date for NZ AS 1	December 2021
Revisions to the Fee-Related Provisions of the Code	Amends fee-related provisions in PES 1	March 2022
Annual Improvements and Conforming and Consequential Amendments to Domestic Assurance Standards	Sets out annual improvements and conforming and consequential amendments to domestic assurance standards because of the new and revised Quality Management Standards	May 2022
Conforming and Consequential Amendments to Other Standards as a Result of the New and Revised Quality Management Standards	Sets out conforming and consequential amendments to other standards because of the new and revised Quality Management Standards	May 2022
ISA (NZ) 600 (Revised) Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors) and Conforming and Consequential Amendments arising from ISA (NZ) 600 (Revised)	Improves and enhances the requirements and guidance relating to an audit of group financial statements and clarifies the interaction of this ISA (NZ) with other ISAs (NZ). ISA (NZ) 600 (Revised) supersedes ISA (NZ) 600. The conforming amendments are not substantive and arise due to the issue of ISA (NZ) 600 (Revised).	June 2022
Revisions to the Non-Assurance Services Provisions of the Code	Amends the non-assurance services provisions in PES 1	June 2022
2022 Amendment to NZ AS 1 The Audit Service Performance Information	Amends effective date for NZ AS 1	June 2022

## 12. Submissions made

### Domestic

Recipient	Subject	Date
Ministry of Business, Innovation and Employment (MBIE)	Modern slavery	May 2022

### International

Recipient	Subject	Date
International Accounting Standards Board (IASB)	Business Combinations Under Common Control	Aug 2021
	IASB Third Agenda Consultation	Sep 2021
	Disclosure Requirements in IFRS Standards – A Pilot Approach	Nov 2021
	Disclosure Initiative – Subsidiaries without Public Accountability	Jan 2022
	Non-current Liabilities with Covenants (Amendments to IAS 1)	March 2022
	IFRS Interpretations Committee Tentative Agenda Decision – Negative Low Emission Vehicle Credits	Apr 2022
International Public Sector Accounting Standards Board (IPSASB)	ED 76 – 79 Measurement	Oct 2021
	CP Mid-Period Work Plan Consultation Qualitative	Nov 2021
	ED 81 Conceptual Framework Update. Chapter 3, Characteristics and Chapter 5, Elements in Financial Statements.	May 2022
International Audit and Assurance Standards Board (IAASB)	Workplan Survey 2022-2023	Aug 2021
	Proposed International Standard on Auditing for Audits of Financial Statements of Less Complex Entities	Jan 2022
International Ethics Standards Board for Accountants (IESBA)	Conforming Amendments to the Code following revisions to the Quality Management Standard	Sep 2021
	Proposed Revisions to the Code Relating to the Definition of Engagement Team and Group Audits	June 2022
	Proposed Technology-related Revisions to the Code	June 2022

## Te tauaki noho haepapa

# 13. Statement of responsibility

In terms of the Crown Entities Act 2004, the Board is responsible for preparing 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 External Reporting Board under section 19A of the Public Finance Act 1989.

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

In the Board's opinion, these financial statements and statement of performance fairly reflect the financial position and operations of the External Reporting Board for the year ended June 2022.

**Michele Embling**  
Chair



**Jane Taylor**  
Deputy Chair



Ngā tauākī pūtea

# Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

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## Te tauaki whiwhinga, whakapaunga whānui

# Statement of comprehensive revenue and expense

For the year ended 30 June 2022

	Notes	Actual 2022 \$'000	*Budget 2022 \$'000	Actual 2021 \$'000
<b>Revenue</b>				
Funding from the Crown		8,581	8,581	5,510
Interest received		29	26	8
<b>Total revenue</b>		<b>8,610</b>	<b>8,607</b>	<b>5,518</b>
<b>Expenditure</b>				
Personnel costs	2	4,343	4,480	2,788
Fees to board members (meeting fees and project fees)	3,4	862	1,229	604
Travel		129	692	57
Contributions to IASB & IPSASB		291	550	250
Depreciation and amortisation	7,8	58	106	107
General operating costs	5	745	1,550	522
<b>Total expenditure</b>		<b>6,428</b>	<b>8,607</b>	<b>4,328</b>
<b>Total comprehensive revenue and expense</b>		<b>2,182</b>	<b>-</b>	<b>1,190</b>

## Te tauaki nekeneke tūtanga

# Statement of movements in equity

For the year ended 30 June 2022

	Actual 2022 \$'000	*Budget 2022 \$'000	Actual 2021 \$'000
Balance at 1 July	3,217	3,035	2,027
Total comprehensive revenue and expense	2,182	-	1,190
<b>Balance at 30 June</b>	<b>5,399</b>	<b>3,035</b>	<b>3,217</b>

\*Budget figures are unaudited.

Explanations of major variances to budget are provided in Note 21.

The statement of accounting policies and the notes to the financial statements form part of, and are to be read in conjunction with, the statement of financial performance and statement of movements and equity.



## Te tauaki tūnga pūtea

## Statement of financial position

As at 30 June 2022

	Notes	Actual 2022 \$'000	*Budget 2022 \$'000	Actual 2021 \$'000
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents		411	237	2,225
Receivables and prepayments		36	80	11
GST Receivable		39	-	36
Investments	6	5,318	2,800	1,256
<b>Total current assets</b>		<b>5,804</b>	<b>3,117</b>	<b>3,528</b>
<b>Non-current assets</b>				
Property, plant & equipment	7	158	287	177
Intangible assets	8	25	-	21
<b>Total non-current assets</b>		<b>183</b>	<b>287</b>	<b>198</b>
<b>Total assets</b>		<b>5,987</b>	<b>3,404</b>	<b>3,726</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Payables and accruals	9	401	165	283
Employee entitlements	10	167	185	206
<b>Total current liabilities</b>		<b>568</b>	<b>350</b>	<b>489</b>
<b>Non-Current Liabilities</b>				
Provisions	11	20	19	20
<b>Total non-current liabilities</b>		<b>20</b>	<b>19</b>	<b>20</b>
<b>Total liabilities</b>		<b>588</b>	<b>369</b>	<b>509</b>
<b>Net Assets</b>		<b>5,399</b>	<b>3,035</b>	<b>3,217</b>
<b>Equity</b>				
Contributed Capital		725	725	725
Accumulated Surplus		4,674	2,310	2,492
<b>Total Equity</b>		<b>5,399</b>	<b>3,035</b>	<b>3,217</b>

\*Budget figures are unaudited.

Explanations of major variances to budget are provided in Note 21.

The statement of accounting policies and the notes to the financial statements form part of, and are to be read in conjunction with, the statement of financial performance and statement of movements and equity.

## Te tauaki kapewhiti

## Statement of cash flows

For the year ended 30 June 2022

	Actual 2022 \$'000	*Budget 2022 \$'000	Actual 2021 \$'000
<b>Cash flows from operating activities</b>			
Receipts from the Crown	8,573	8,581	5,510
Interest from investments	21	26	11
Payments to personnel	(4,381)	(4,407)	(2,412)
Payments to suppliers	(1,626)	(3,495)	(1,263)
Contributions to IASB & IPSASB	(291)	(550)	(250)
Goods and services tax (net)	(3)	-	(13)
<b>Net cash flows from operating activities</b>	<b>2,293</b>	<b>155</b>	<b>1,583</b>
<b>Cash flows from investing activities</b>			
Sale of fixed assets	1	-	
Investment	(4,062)	(300)	(3)
Purchase of property, plant & equipment	(46)	(224)	(48)
<b>Net cash flow from investing activities</b>	<b>(4,107)</b>	<b>(524)</b>	<b>(51)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(1,814)</b>	<b>(369)</b>	<b>1,532</b>
Cash and cash equivalents at the beginning of the year	2,225	606	693
<b>Cash and cash equivalents at end of the year</b>	<b>411</b>	<b>237</b>	<b>2,225</b>

\*Budget figures are unaudited.

Explanations of major variances to budget are provided in Note 21.

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

## Ngā whakamārama mō ngā tauaki pūtea

# Notes to the financial statements

For the year ended 30 June 2022

## 1. Accounting Policies

### Reporting entity

The XRB was established by the Financial Reporting Act 1993, with its continued existence mandated under the Financial Reporting Act 2013. All members of the XRB Board are appointed by the Governor-General on the recommendation of the Minister of Commerce and Consumer Affairs.

The XRB is an Independent Crown Entity under the Crown Entities Act 2004. It is responsible for financial reporting strategy and preparing and issuing accounting, auditing & assurance standards and climate-related disclosures and the issue of non-binding guidance on a wider range of environmental, social and governance (ESG) and other non-financial matters.

XRB is a Tier 2 entity, and the financial statements have been prepared in accordance with PBE accounting standards. The financial statements for the XRB are for the year ended 30 June 2022 and were approved by the XRB Board on 4 November 2022.

### Basis of preparation

The financial statements have been prepared on an ongoing basis, and the accounting policies have been applied consistently throughout the period.

### Statement of compliance

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

### Presentation currency and rounding

The financial statements are presented in New Zealand dollars rounded to the nearest thousand dollars (\$000), except where otherwise stated.

### Standards issued that are not yet effective and have not been early adopted

PBE FRS 48 replaces the service performance reporting requirement of PBE IPSAS 1 and is effective for reporting periods beginning on or after 1 January 2022.

### Critical accounting estimates and judgements

In preparing these financial statements the XRB has made estimates and assumptions concerning the future. These estimates and assumptions may differ from actual results. None of the estimates and assumptions made are regarded as being significant.

Management has exercised its judgement in applying accounting policies. None of the judgements exercised are critical.

### Goods and Services Tax (GST)

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

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

The net GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

### Budget figures

The budget figures are derived from the Statement of Performance Expectations as approved by the XRB Board on 17th May 2021.

The budget figures have been prepared in accordance with Tier 2 PBE accounting standards, using accounting policies that are consistent with those adopted by the Board in preparation of the financial statements. All budget figures are unaudited.

## Summary of significant accounting policies

### Funding from the Crown

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

The XRB considers that there are no conditions attached to the Crown funding and as such it is recognised as revenue at the point of entitlement and is measured at the fair value of consideration received or receivable.

### Interest received

Interest is earned on bank deposits and is recognised in the period to which it relates.

### Operating leases

Leases that do not transfer substantially all the risks and rewards incidental to ownership of an asset to the XRB 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 Expense.

## Property, plant and equipment

Property, plant and equipment consist of the following asset classes: computer hardware, furniture and fittings, office equipment and leasehold improvements.

Property, plant and equipment are shown at cost, less any accumulated depreciation.

### Additions

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 XRB and the cost of the item can be measured reliably.

### Disposals

Gains and losses on disposals are determined by calculating the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit.

### Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of each asset class have been estimated as follows:

» Computer hardware	40%
» Furniture and fittings	10.5%
» Plant and equipment	30%
» Leasehold improvements	7%

## Intangible assets

### Software acquisition and development

Acquired software licences are capitalised based on the costs incurred to acquire and bring into use the specific software.

Costs associated with the development and maintenance of the XRB corporate website are recognised as an expense when incurred.

### Amortisation

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 or deficit. The value of additions made to an existing asset are amortised over the remaining useful life of the existing asset.

The useful lives and associated amortisation rates of each asset class are estimated as follows:

- » Computer software 40%
- » Website 25%

## Payables and accruals

Short-term payables and accruals are recorded as exchange transactions at their face value.

## Employee entitlements

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.

## Superannuation schemes

Obligations for contributions to KiwiSaver are accounted for as defined contribution superannuation scheme and are recognised as an expense in the surplus or deficit as incurred.

## Provisions

A provision is recognised for future expenditure of uncertain timing when there is a present obligation (either legal or constructive) because of a past event, it is probable that expenditure will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

## Equity

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- contributed capital
- accumulated surplus/(deficit)

## 2. Personnel costs

	Actual 2022 \$000	Actual 2021 \$000
Salaries and contractors	3,935	2,516
Contributions to defined contribution plans	98	70
Increase in annual leave provision	45	10
Other personnel costs	265	192
<b>Total personnel costs</b>	<b>4,343</b>	<b>2,788</b>

Contributions to defined contribution plans are contributions to KiwiSaver.

### 3. Board member remuneration

The Remuneration Authority, an independent body set up by Parliament, determines the remuneration received by Board members. State servants and members from Australia are not remunerated.

No Board members received compensation or other benefits in relation to cessation (2021: None). The XRB has directors' and officers' liability and professional indemnity insurance cover in respect of the liability or costs of Board members and employees.

XRB	Total 2022 \$	Total 2021 \$
Michael Bradbury	30,927	21,201
Jacqueline Cheyne	24,324	31,176
Bill Edge – Australian FRC (non-remunerated role)	-	-
Michele Embling – Chair	93,527	62,860
Julia Fink	35,271	21,612
John Kensington	24,499	21,418
Jane Taylor - Deputy Chair	26,000	25,646
Kimberley Crook (retired)	-	3,855
Fergus Welsh (non-remunerated role)	-	-
<b>Total board fees</b>	<b>234,548</b>	<b>187,768</b>

Member fees vary in some instances where board members were involved with sub-committees, risk management and other projects.

Climate-Related Disclosures Project Steering Committee	Total 2022 \$	Total 2021 \$
Jacqueline Cheyne (Chair)	27,896	3,211
Michele Embling	47,666	6,720
Jane Taylor	18,145	3,263
<b>Total steering committee fees</b>	<b>93,707</b>	<b>13,194</b>



## 4. Technical standards board and panel remuneration

The XRB has two technical standards Boards – the New Zealand Accounting Standards Board (NZASB) and the New Zealand Auditing and Assurance Board (NZAuASB). Technical standards board members are paid a daily rate for preparation and attendance at Board meetings. The daily rate is determined by the Remuneration Authority. State servants and members from Australia are not remunerated.

<b>NZASB</b>	<b>Total 2022</b> \$	<b>Total 2021</b> \$
Michael Bradbury (Acting Chair/Deputy Chair)	26,758	37,619
Francis Caetano	22,588	22,160
Carolyn Cordery - Chair	107,120	50,025
Karl Hickey (retired)	-	19,937
Denise Hodgkins	23,630	22,160
Keith Kendall – AASB (non-remunerated role)	-	-
Nives Botica-Redmayne	13,162	15,276
Richard Smyth	23,630	21,817
Jason Stinchcombe	21,545	21,817
Warwick White (non-remunerated role)	-	-
Richard Perry	21,893	-
Angela Ryan (non-remunerated role/retired)	-	-
<b>Total technical standards board fees</b>	<b>260,326</b>	<b>210,811</b>

NZAuASB	Total 2022 \$	Total 2021 \$
Robert Buchanan (Chair)	75,632	76,339
Clyde D'Souza	19,460	18,153
Bill Edge - AUASB (non-remunerated role)	-	-
Mark Maloney	20,155	-
David Hay	19,460	18,838
John Kensington – Deputy Chair	19,808	15,687
Ian Marshall (retired)	3,435	15,043
Marje Russ	37,297	23,627
Karen Shires (retired)	-	18,838
Vasana Vanpraseuth	17,375	-
<b>Total technical standards board fees</b>	<b>212,622</b>	<b>186,525</b>

Fees paid to expert panel members and the Chair of XRAP: \$60,700 (2021: \$6,000).

## 5. General operating costs

	Actual 2022 \$000	Actual 2021 \$000
Auditor fees for external audit	44	24
Operating lease expenses	146	142
Other operating expenses	555	356
<b>Total operating costs</b>	<b>745</b>	<b>522</b>

## 6. Investments

Investments	Rate	Maturity	Actual 2022 \$000	Actual 2021 \$000
BNZ Term deposits	0.45%	July 2021 to Aug 2021		1,256
BNZ Term deposits	1.05% to 2.20%	July 2022 to Nov 2022	5,318	
<b>Total investments</b>			<b>5,318</b>	<b>1,256</b>

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. The carrying amount of term deposits approximates their fair value. The BNZ has an AA- rating with Standard and Poors.

## 7. Property, plant and equipment

\$'000	Furniture and Fittings	Plant and Equipment	Property Improvements	Computer Equipment	Total
<b>Cost</b>					
Opening Balance	184	17	225	246	672
Additions	22			7	41
Disposals	4	-	-	2	6
<b>Closing Balance</b>	<b>202</b>	<b>17</b>	<b>225</b>	<b>251</b>	<b>695</b>
<b>Accumulated Depreciation</b>					
Opening Balance	134	15	150	196	495
Depreciation	7	1	16	21	45
Disposals	1			2	3
<b>Closing Balance</b>	<b>140</b>	<b>16</b>	<b>166</b>	<b>215</b>	<b>537</b>
<b>Carrying Amounts</b>					
<b>At 30 June 2022</b>	<b>63</b>	<b>1</b>	<b>59</b>	<b>47</b>	<b>158</b>
<b>At 30 June 2021</b>	<b>50</b>	<b>2</b>	<b>75</b>	<b>50</b>	<b>177</b>

## 8. Intangible assets

\$'000	Actual 2022	Actual 2021
<b>Cost</b>		
Opening Balance	324	290
Additions	17	34
Disposals	-	-
<b>Closing Balance</b>	<b>341</b>	<b>324</b>
<b>Accumulated Amortisation</b>		
Opening Balance	303	252
Amortisation	13	51
Disposals	-	-
<b>Closing Balance</b>	<b>316</b>	<b>303</b>
<b>Carrying Amounts</b>		
<b>At 30 June 2022</b>	<b>25</b>	<b>21</b>

## 9. Payables and accruals

	Actual 2022 \$000	Actual 2021 \$000
Payables	269	196
Accruals	132	87
<b>Total payables</b>	<b>401</b>	<b>283</b>

## 10. Employee entitlements

	Actual 2022 \$000	Actual 2021 \$000
Holiday pay accrual	167	122
Accrued salaries	-	84
<b>Total employee entitlements</b>	<b>167</b>	<b>206</b>

## 11. Provisions

	Actual 2022 \$000	Actual 2021 \$000
Provision for make good of office premises	20	20
<b>Total provisions</b>	<b>20</b>	<b>20</b>

## 12. Operating lease commitments

	Actual 2022 \$000	Actual 2021 \$000
Up to one year	167	123
Between two and five years	-	134
<b>Total operating lease commitments</b>	<b>167</b>	<b>257</b>

The XRB has entered into the following non-cancellable lease agreements:

The lease of premises at 50 Manners Street, Wellington has been renewed until 30 June 2024. This is the final right of renewal.

The XRB has entered into a 12-month lease for office space at 6 Hazeldean Road, Addington, Christchurch.

## 13. Financial Instruments

The XRB 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 Expense.

All financial assets are classified as loans and receivables. All financial liabilities are classified as financial liabilities measured at amortised cost.

## 14. Employee Remuneration

Total remuneration paid or payable that is or exceeds \$100,000:

Remuneration Range	Actual 2022 \$'000	Actual 2021 \$'000
\$110,000 - \$119,999	1	1
\$120,000 - \$129,999	3	2
\$130,000 - \$139,999	3	1
\$140,000 - \$149,999	2	2
\$150,000 - \$159,999	0	0
\$160,000 - \$169,999	1	0
\$170,000 - \$179,999	3	1
\$180,000 - \$189,999	1	0
\$190,000 - \$199,999	3	2
\$200,000 - \$209,999	1	1
\$210,000 - \$219,999	1	0
\$270,000 - \$279,999	1	1
	20	11

## 15. Related party information

The XRB 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 XRB would have adopted in dealing with a party at arm's length in the same circumstances.

Further, transactions with other Government agencies (for example Government departments, Crown Entities and SOEs) 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.

No transactions were entered into during the year with key management personnel that were not at arm's length.

### Key management personnel compensation

	Actual 2022 \$000	Actual 2021 \$000
XRB Board meeting fees (remuneration to XRB Board members)	328	201
Full time equivalent members	0.74	0.5
Salaries and other short- term employee benefits	1,443	1,011
Full time equivalent employees	6	4.87
<b>Total key management personnel compensation</b>	<b>1,771</b>	<b>1,212</b>

Key management personnel include the XRB Board, the Chief Executive, Head of Strategy, Head of Communications, the Director of Audit & Assurance Standards, the Director of Accounting Standards, and the Director of Climate Standards. The Board meeting fees included above only include payments relating to work completed for the XRB Board – where members of the XRB Board are also on other boards such as Michael Bradbury (NZASB) and John Kensington (NZAuASB), these fees are excluded.

No XRB Board members received compensation or other benefits in relation to cessation (2021: None).

## 16. Severance payments

Severance payments relate to the termination of employment, whether monetary in nature or otherwise. These payments are additional to any final payment of salary, holiday pay or superannuation contributions.

For the year ended 30 June 2022 XRB made 3 severance payments to employees totalling \$113,280 (30 June 2021: None).

The value of each of these severance payments was \$84,884, \$16,250 and \$12,146.

## 17. Indemnity insurance

The XRB has professional indemnity insurance cover during the financial year of \$2,000,000 (2021: \$2,000,000), in respect of the liability or costs of Board members or employees.

## 18. Capital commitments

The XRB has no capital commitments at 30 June 2022. (2021: None)

## 19. Contingencies

The XRB has no material contingent assets or contingent liabilities (2021: None).

## 20. Events after balance date

Nothing to disclose. (2021: Nil).



## 21. Explanation of major variances against budget

	Actual 2022 \$000	Budget 2022 \$000	Variance \$000
Personnel costs	4,343	4,480	137
Fees to board members (meeting fees and project fees)	862	1,229	367
Travel	129	692	563
Contributions to IASB & IPSASB	291	550	259
General operating costs	745	1,550	805
Investments	5,318	2,800	2,518

### Personnel costs

The XRB requires highly specialised technical staff in the fields of audit, assurance, climate reporting, financial reporting and ESG reporting. Challenges in finding those staff resources currently has resulted in an underspend in salaries and increased our reliance on technical contractors in the short-term.

### Fees to Board members

A budget (\$442k) was allocated for a Climate-related disclosures Board. This has not yet been established and instead there have been additional fees paid to XRB Board members (\$94k) who have been governing this work.

### Travel

Much of the travel budget for 2021/22 was related to international travel. Covid-19 international travel restrictions resulted in an underspend of \$361k, whilst domestic travel restrictions accounted for \$202k of the variance.

### Contributions to IASB & IPSASB

Contributions were made to the IPSASB and the IASB as budgeted. A Board for climate-related disclosures was not established during 2021/22 as anticipated (budget of \$300k).

### General operating costs

The budget included \$532k of funding allocated for consultation and development of the climate reporting regime involving research, communication, engagement, and general administration. Covid restrictions and staff recruitment challenges have delayed some of this spend.

### Investments

The current surplus has been invested in term deposits

# Independent Auditor's report

## To the readers of the External Reporting Board's financial statements and statement of performance for the year ended 30 June 2022

The Auditor-General is the auditor of External Reporting Board (the XRB). The Auditor-General has appointed me, Rehan Badar, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the statement of performance, including the performance information for an appropriation, of the XRB on his behalf.

### Opinion

We have audited:

- the financial statements of the XRB on pages 39 to 54 that comprise the statement of financial position as at 30 June 2022, the statement of comprehensive revenue and expense, statement of movements in equity and statement of cash flows for the year ended on that date and the notes to the financial statements including a summary of significant accounting policies and other explanatory information; and
- the statement of performance of the XRB on pages 19 to 34.

In our opinion:

- the financial statements of the XRB on pages 39 to 54:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2022; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Entity Standards Reduced Disclosure Regime; and
- the statement of performance on pages 19 to 34:
  - presents fairly, in all material respects, the XRB's performance for the year ended 30 June 2022, including:
    - for each class of reportable outputs:
      - its standards of delivery performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and

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

Our audit was completed on 4 November 2022. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board and our responsibilities relating to the financial statements and the statement of performance, we comment on other information, and we explain our independence.

### **Basis for our opinion**

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

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

### **Responsibilities of the Board for the financial statements and the statement of performance**

The Board is responsible on behalf of the XRB for preparing financial statements and statement of performance that are fairly presented and comply with generally accepted accounting practice in New Zealand. The Board is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and statement of performance that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the statement of performance, the Board is responsible on behalf of the XRB for assessing the XRB's ability to continue as a going concern. The Board is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of the XRB, or there is no realistic alternative but to do so.

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

## **Responsibilities of the auditor for the audit of the financial statements and the statement of performance**

Our objectives are to obtain reasonable assurance about whether the financial statements and the statement of performance, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the statement of performance.

For the budget information reported in the financial statements and the statement of performance, our procedures were limited to checking that the information agreed to the XRB's statement of performance expectations and relevant Estimates and Supplementary Estimates of Appropriations 2021/22.

We did not evaluate the security and controls over the electronic publication of the financial statements and the statement of performance.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the statement of performance, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit 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 XRB's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- We evaluate the appropriateness of the reported statement of performance within the XRB's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the XRB's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the statement of performance or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the XRB to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements and the statement of performance, including the disclosures, and whether the financial statements and the statement of performance represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

## Other information

The Board is responsible for the other information. The other information comprises the information included on pages 1 to 61, but does not include the financial statements and the statement of performance, and our auditor's report thereon.

Our opinion on the financial statements and the statement of performance does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the statement of performance, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the statement of performance or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Independence

We are independent of the XRB in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

The following relationships exist:

- An employee of the Auditor-General is a member of the New Zealand Auditing and Assurance Standards Board.
- The Auditor-General is a member of the External Reporting Advisory Panel of the XRB.
- Two employees of the XRB are the spouses of the Chief Executive and Chief Financial Officer of Audit New Zealand and one employee was spouse of an Audit Director of Audit New Zealand.

Our independence as auditor of the XRB has not been impaired, because:

- The Auditor-General's employees and the Auditor-General are not remunerated for their membership.
- None of the above mentioned matters have any influence over the governance, operations or accountability of the XRB, apart from one XRB employee. This employee left XRB during

the year and did had some influence over operations. We have applied appropriate mitigations to reduce any perceived threat to independence to an acceptable level by replacing the Appointed Auditor when this employee joined XRB. Previous Appointed Auditor deemed to have a relevant personal relationship with the XRB employee.

We have no other relationships with, or interests in, the XRB.



Rehan Badar  
Audit New Zealand  
On behalf of the Auditor-General  
Wellington, New Zealand

## Papakupu

## Glossary

<b>AASB</b>	Australian Accounting Standards Board
<b>ASF</b>	Accounting Standards Framework
<b>ASRB</b>	Accounting Standards Review Board
<b>AUASB</b>	Australian Auditing and Assurance Board
<b>CRFD</b>	Climate Related Financial Disclosures
<b>ED</b>	Exposure Draft
<b>EER</b>	Extended External Reporting
<b>FMA</b>	Financial Markets Authority
<b>IAASB</b>	International Audit and Assurance Board
<b>IASB</b>	International Accounting Standards Board
<b>IESBA</b>	International Ethics Standards Board for Accountants
<b>IFRS</b>	International Financial Reporting Standards
<b>IIRC</b>	International Integrated Reporting Council
<b>IPSASB</b>	International Public Sector Accounting Standards Board
<b>KAMS</b>	Key Audit Matters
<b>MBIE</b>	Ministry for Business, Innovation and Employment
<b>MfE</b>	Ministry for the Environment
<b>NZ IFRS RDR</b>	New Zealand International Financial Reporting Standard Reduced Disclosure Regime
<b>NZASB</b>	New Zealand Accounting Standards Board
<b>NZAuASB</b>	New Zealand Audit and Assurance Board
<b>PBE</b>	Public Benefit Entity
<b>SME</b>	Small and Medium Enterprises
<b>TRG</b>	Technical Reference Group
<b>XRAP</b>	External Reporting Advisory Panel
<b>XRB</b>	External Reporting Board





