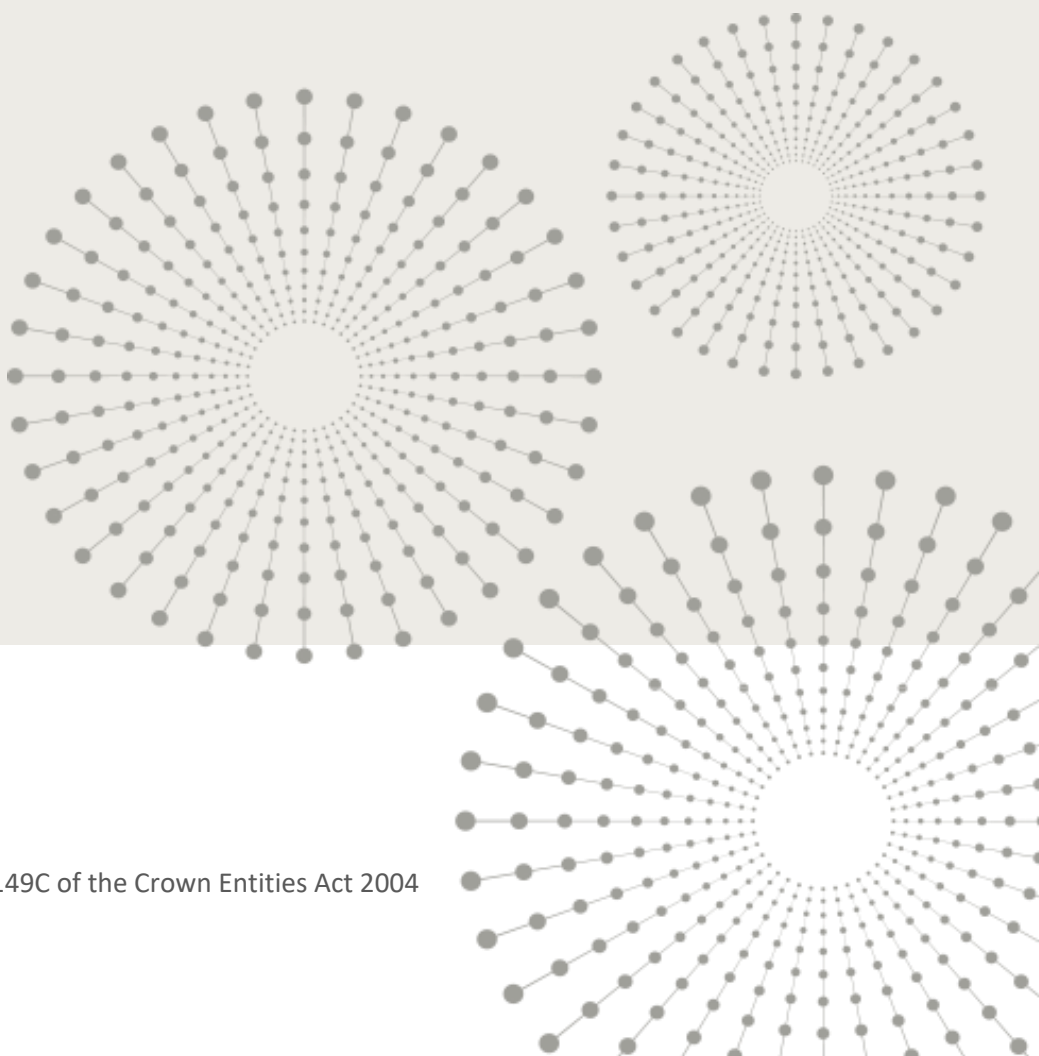


Statement of Performance Expectations

For the period 1 July 2023 to 30 June 2024

May 2023

Prepared in accordance with section 149C of the Crown Entities Act 2004



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1. Statement of responsibility

This Statement of Performance Expectations has been prepared in accordance with the requirements of section 149C of the Crown Entities Act 2004. The purpose of the Statement of Performance Expectations is to promote the public accountability of the External Reporting Board (XRB) by:

- enabling the responsible Minister to participate in the process of setting the XRB's annual performance expectations;
- enabling the House of Representatives to be informed of those expectations; and
- providing a base against which the XRB's actual performance for the year can be assessed.

The Prospective Financial Statements have been prepared in accordance with generally accepted accounting practice in New Zealand, have not been audited and should not be relied upon for any other purposes.

The XRB is responsible for the content of this Statement of Performance Expectations, which comprises the reportable outputs (as specified in the Statement of Forecast Service Performance) and the Prospective Financial Statements for the year, including the assumptions on which they are based, and for the judgements used in preparing them.

In accordance with section 149C of the Crown Entities Act 2004, the XRB has consulted with the Minister of Commerce and Consumer Affairs in the preparation of this Statement. However, as the XRB is an Independent Crown Entity, the Minister may not direct the XRB to have regard to, or give effect to, a government policy relating to the XRB's standard setting functions and as a result no such matters are included in this Statement of Performance Expectations.



Michele Embling

Chair
8th May 2023



Jane Taylor

Deputy Chair
8th May 2023

2. Our purpose and vision

Why are we here?

Our purpose

We enable high quality, trusted, and integrated reporting through the provision of robust frameworks and standards that are internationally credible, while being 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.

We achieve our purpose and work towards our vision by developing reporting strategies, frameworks, standards and guidance. We also ensure that these respond promptly to local and international external reporting developments, the pace of which has significantly increased over the last few years.

The range of stakeholders for whom reporting standards are relevant is broadening and users of reports are increasingly demanding richer information well beyond financial reporting. Through our stakeholder engagement processes and international connections we gain a deeper understanding of issues faced by entities and work with others in the external reporting system (e.g. regulators and policy makers) to have these resolved. Rising to the challenge of an extended mandate to develop standards on climate-related disclosures and non-binding guidance on environmental, social and governance (ESG) and other non-financial matters means we must develop stronger and deeper relationships with a broader group of stakeholders.

3. Measuring our performance

Our work is focused on contributing to the following outcomes:

1. Engender trust and confidence in New Zealand financial and non-financial reporting.
2. Enable entities to better communicate their performance story and enhance entities' transparency, accountability and stewardship to stakeholders.
3. Contribute to the allocation of capital towards activities that are consistent with a transition to a low-emissions, climate-resilient future.

We use several mechanisms to measure our contribution to the achievement of these outcomes. These are:

a) Stakeholder survey

A regular survey of stakeholders is undertaken to measure our performance. The survey assesses the current state of, and any changes to, stakeholders' perceptions of XRB's:

- Performance
- Products
- Interactions

b) XRB Research

We undertake research on a range of topics which directly contribute to a better understanding of our performance on contributing to achieving outcomes. These research topics are determined in relation to active topics of interest. For example, we commission research that informs post-implementation reviews of issued standards to determine what, if anything, needs to be changed to ensure each standard is achieving its desired intent. We also undertake work relating to future agenda priorities (including with regards to the agenda priorities of international boards). Finally, at a higher level, we commission research that focuses on the wider impact of our work. For example, the XRB is currently establishing a multi-year effectiveness evaluation of the climate-related disclosure framework.

c) Broader indicators

Several external indicators and reports have a natural correlation to our impact as standard setters and will therefore form part of our evaluation process. We have identified the current sources:

1. New Zealand's ranking in the Global [Corruption Perception Index](#): Supporting New Zealand entities to be competitive and credible within international capital markets.
2. The FMA [Investor confidence in the New Zealand financial markets research](#)
3. The [Department of Internal Affairs](#) Charities report: Maintaining trust and confidence in not for profit reporting.
4. The FMA [Audit Quality Monitoring Report](#)

The FMA Audit Quality Monitoring Report identifies issues encountered during their annual review of a small sample of audit files and tracks how they have changed over time. The report also identifies trends in the level of compliance and non-compliance with the standards.

5. The [CA ANZ Investor Confidence Survey](#) monitors retail investors' confidence in financial markets.

Detailed performance measures against specific outputs are covered in the Statement of Service Performance section of this document. It is also worth highlighting that our work is impacted by a range of external factors which include:

- economic and financial conditions
- activities of international bodies such as the IASB, the IPSASB, the IAASB, and the ISSB, and
- policy and regulatory trends in major markets

Reportable classes of output

The appropriation is limited to the funding of one reportable output class.

Description of output class

Financial and climate reporting, auditing and assurance standards, and supporting guidance and resources. The output class comprises of the following five sub-outputs:

1. Develop and implement reporting strategies and frameworks for the Board's standards-setting activities (Output 1)
2. Prepare and issue Financial Reporting Standards (Output 2)
3. Prepare and issue Auditing and Assurance (including Ethical and Professional) Standards and other Related Services Standards (Output 3)
4. Prepare and issue sustainability reporting standards and guidance (Output 4)
5. Liaise with and influence international bodies through participation in meetings and making of submissions (Output 5)

These sub-outputs are described more fully in the Statement of Forecast Service Performance.

The XRB does not have any reportable class of outputs for which an exemption has been granted under section 149F of the Crown Entities Act 2004. The XRB does not intend to supply any class of outputs in the 2023/24 financial year that is not a reportable class of outputs.

Appropriation

The XRB is funded by a gross appropriation under Vote: Business, Science, Innovation administered by the Ministry of Business, Innovation and Employment (MBIE).

	2023/24 Forecast \$'000
Revenue from the Crown	8,730
Revenue from others	150
Costs	(9,768)
Operating deficit	(888)

The planned deficit reflects expenditure this year for activities previously deferred due to COVID and capacity and capability gaps. This includes:

- Liaison with international standard setters including establishing relationships with global bodies focused on non-financial reporting (such as the GRI and ISSB)
- Responding to stakeholder demand for increased provision of guidance and improved accessibility of standards through website enhancements including digitisation of standards

4. Our Strategy

Our Strategy

Our Purpose

We enable high quality, trusted, and integrated reporting through the provision of robust frameworks and standards that are internationally credible, while being 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.

5. Statement of forecast service performance

For the year ending 30 June 2024

Output 1: Develop and implement reporting strategies and frameworks for the Board's standard-setting activities

The XRB develops and maintains a number of frameworks and standard setting policies so that entities applying XRB standards have a level of certainty about the basis on which those standards are developed. The XRB must ensure that these frameworks and policies are kept up to date and relevant so that our outputs are accessible and add value to reporting entities.

	2023/24 Forecast	2022/23 Estimated actual
	\$'000	\$'000
Crown revenue allocated	1,482	1,309
Other revenue	150	134
Costs	(1,274)	(1,043)
Attributed overhead costs	(384)	(303)
(Deficit)/surplus	(26)	97

2023/24 Forecast	Quality measure (Timeliness, due process)
Review standard setting policies and consider making revisions to enable more agile, innovative ways of working.	By December 2023. Review published on XRB website.
Implement a platform to enable full digitisation of XRB standards to promote accessibility and searchability.	By June 2024 all XRB standards are available in the searchable digital format from the XRB website.
Develop a strategic position paper on the XRB's role in digital reporting in Aotearoa New Zealand.	By June 2024. Position paper is informed by key international and domestic stakeholders and developments.

Statement of forecast service performance (continued)

For the year ending 30 June 2024

Output 2: Prepare and issue financial reporting standards

This output is about the development of financial reporting standards and guidance for entities from the for-profit, public, and not-for-profit sectors that have a statutory requirement to prepare financial statements in accordance with standards issued by the XRB. This involves working with key stakeholders to support the development of high-quality accounting standards that provide useful information for readers of general-purpose financial reports, while ensuring the preparation costs do not exceed the benefits.

	2023/24 Forecast \$'000	2022/23 Estimated actual \$'000
Crown revenue allocated	1,812	1,988
Costs	(1,557)	(1,398)
Attributed overhead costs	(470)	(464)
(Deficit)/surplus	(215)	126

2023/24 Forecast	Quality measure (Timeliness, due process)
<p>Issue consultation documents / exposure drafts related to the development of financial reporting standards</p> <p><i>IASB based standards</i></p> <ol style="list-style-type: none"> 1. <i>Financial Instruments with Characteristics of Equity (IASB ED)</i> 2. <i>Post-implementation Review of IFRS 15 Revenue from Contracts with Customers (IASB ED)</i> 3. <i>Post-implementation Review of IFRS 9 Financial Instruments – impairment (IASB ED)</i> <p><i>IPSASB based standards</i></p> <ol style="list-style-type: none"> 4. <i>Revenue (PBE ED)</i> 5. <i>Non-Exchange Expenses (PBE ED)</i> 6. <i>Measurement (PBE ED)</i> 7. <i>Assets Held for Sale (PBE ED)</i> 8. <i>Amendments to Property, Plant, and Equipment Standard (PBE ED)</i> 	<p>100% compliance with due process requirements¹ and in accordance with New Zealand Accounting Standards Framework and PBE Policy Approach.</p> <p>By September 2023</p> <p>By July 2023</p> <p>By August 2023</p> <p>By April 2024</p> <p>By April 2024</p> <p>By June 2024</p> <p>By June 2024</p> <p>By June 2024</p> <p>Actual dates are contingent upon the completion of international projects.</p>

¹ As described in [EG A2 Overview of Accounting Standard-Setting Process](#)

<p>Issue financial reporting standards</p> <p><i>IASB based standards</i></p> <ol style="list-style-type: none"> 1. Primary Financial Statements 2. Rate-regulated Activities 3. Two amending standards <p><i>IPSASB based standards</i></p> <ol style="list-style-type: none"> 4. PBE Leases (aligned with IFRS 16) 	<p>100% compliance with due process requirements and in accordance with New Zealand Accounting Standards Framework and PBE Policy Approach.</p> <p>By March 2024</p> <p>By June 2024</p> <p>By December 2023</p> <p>By December 2023</p> <p>Actual dates are contingent upon issuance of final standards by international Boards.</p>
<p>Support adoption and implementation</p> <p><i>Guidance material</i></p> <p>Issue at least four guidance documents in response to topical issues arising during the year and/or promoting awareness of new standards.</p> <p><i>Webinars</i></p> <ul style="list-style-type: none"> • 4 <i>Need-to-Know</i> XRB Accounting Standard Update webinars; • 2 webinars to support adoption of XRB standards by smaller NFP entities • 4 webinars on recently issued standards and/or consultation documents; and • 2 webinars to support first-time adoption of XRB standards by incorporated societies. 	<p>Guidance documents issued in response to issues as identified.</p> <p>Delivery of 12 webinars throughout the year based on lifecycle of development and implementation of accounting standards (and any emerging issues arising in practice).</p> <p>At least two thirds of attendees consider the sessions useful, based on attendee survey responses.</p>

Statement of forecast service performance (continued)

For the year ending 30 June 2024

Output 3: Prepare and issue auditing and assurance standards and other related services standards

This output is about the development of auditing and assurance standards, including ethical and quality management, and other related services standards and guidance for assurance practitioners that have a requirement to comply with the auditing and assurance standards issued by the XRB. This involves engaging with our stakeholders on auditing and assurance topics to support the development of high-quality auditing and assurance standards that enhance trust and confidence in reporting.

	2023/24 Forecast	2022/23 Estimated actual
	\$'000	\$'000
Crown revenue allocated	1,666	1,607
Costs	(1,432)	(1,212)
Attributed overhead costs	(432)	(376)
(Deficit)/surplus	(198)	19

2023/24 Forecast	Quality measure (Timeliness, due process)
<p>Issue consultation documents / exposure drafts to support the development of auditing and assurance standards</p> <p><i>Domestic</i></p> <p>1. Review of service performance information</p> <p><i>IAASB</i></p> <p>2. Sustainability assurance</p> <p>3. Fraud</p> <p>4. Audits of Less complex entities</p> <p><i>IESBA</i></p> <p>5. Ethical and independence requirements for sustainability assurance</p> <p>6. Use of experts</p> <p>Based on the work programme of the international Boards.</p>	<p>100% compliance with due process as described in EG Au2 Overview of Auditing and Assurance Standard Setting Process²</p> <p>By June 2024.</p> <p>By December 2024.</p> <p>By June 2024.</p> <p>By June 2024.</p> <p>By January 2024.</p> <p>By January 2024.</p> <p>Actual dates are contingent upon issuance of consultation documents by international Boards.</p>
<p>Issue auditing and assurance standards</p> <p><i>Domestic Standards</i></p> <p>1. Assurance engagements over greenhouse gas (GHG) emission disclosures</p> <p>2. Audit of service performance information</p> <p><i>IAASB</i></p> <p>3. Narrow scope amendments to operationalise transparency requirements</p>	<p>100% compliance with due process, including harmonisation and convergence policy³.</p> <p>By September 2023.</p> <p>By September 2023.</p> <p>By December 2023.</p>

² As described in [EG Au2 Overview of the Auditing and Assurance Standard Setting Process](#)

³ As described in [Policy and Process for International Conformance and Harmonisation of Standards](#)

<p>Based on the work programme of the international Board.</p>	<p>Actual dates are contingent upon issuance of final standards by international Boards.</p>
<p>Support adoption and implementation <i>Issue guidance</i> 1. Audit of service performance information 2. GHG assurance <i>Deliver webinars, feedback forums and panel discussions</i> 5 webinars including 2 Need to know general updates and 1 webinar for final standards issued 7 feedback forums including one for each of the planned exposure drafts, and two separate events for sustainability ethical matters</p>	<p>Throughout lifecycle of development and implementation By June 2024. By June 2024. At least two thirds of attendees consider the sessions useful, based on attendee survey responses. 5x sessions by December 2023. 7x sessions by June 2024.</p>

Statement of forecast service performance (continued)

For the year ending 30 June 2024

Output 4: Prepare and issue sustainability reporting standards and guidance

This output is about the work we do in setting mandatory climate reporting standards, voluntary sustainability reporting guidance, and engaging with stakeholders on sustainability reporting.

In using the term sustainability reporting, the XRB means to encompass all non-financial reporting topics, including but not limited to, topics such as climate change, biodiversity and human rights, also known in some areas as impact reporting.

	2023/24 Forecast \$'000	2022/23 Estimated actual \$'000
Crown revenue allocated	2,278	2,519
Costs	(1,959)	(2,042)
Attributed overhead costs	(591)	(626)
(Deficit)/surplus	(272)	(149)

2023/24 Forecast	Quality measure (Timeliness, due process)
Issue at least three staff guidance documents to support Aotearoa New Zealand Climate Standards (guidance specific to banks, insurers, and the public sector).	By June 2024. Stakeholder engagement has informed the content and quality of these documents.
Support the implementation of Aotearoa New Zealand Climate Standards by: <ul style="list-style-type: none"> • Hosting a series of online and in-person sessions about the final disclosure requirements. • Convening a sector-level scenario analysis community of practice to coordinate information sharing between leads of sector-level scenario analysis projects. 	At least 4x sessions by December 2023. At least two thirds of attendees consider the sessions useful. 2x community of practice sessions by June 2024 (approximately one every six months). At least two thirds of attendees consider the community of practice to be positively benefiting their work.
Deliver a pilot of the evaluation approach for an effectiveness evaluation of the climate-related disclosure framework.	By December 2023. Research method developed during the pilot of the evaluation approach is of sufficient quality to enable the evaluation to proceed to the first evaluation cycle.
Issue a comparison document, comparing Aotearoa New Zealand Climate Standards with the International Sustainability Standards Board's S2 climate standard.	By December 2023. Stakeholders consider that comparison document clearly explains any differences in the respective disclosure requirements.
Pilot a beta version of a reporting framework drawn from the Ngā pou o te kawa ora project, with at least three Māori reporting entities.	By June 2024. Pilot successfully underway.
Convene an event to inform the development of the XRB's non-mandatory sustainability reporting framework.	By June 2024. Information shared by event participants directly informs the content of the framework.

Statement of forecast service performance (continued)

For the year ending 30 June 2024

Output 5: Liaise with and influence international bodies

This output is about the activities we undertake to influence the work of the international boards during appropriate stages of standards development to ensure high-quality global standards that are in the public interest globally and relevant to New Zealand. This requires ensuring New Zealand perspectives are well understood by international standard setters, relevant standards are aligned with Australia, and with international direction and developments.

International standard setting decisions are typically undertaken over multiple years. For this reason, assessing the degree to which our presence at various meetings has influenced individual outcomes can be challenging. However, maintaining strong engagement by contributing to debates builds New Zealand’s reputation as a credible and expert standard setter in the international community.

	2023/24 Forecast	2022/23 Estimated actual
	\$'000	\$'000
Crown revenue allocated	1,492	1,204
Costs	(1,282)	(1,260)
Attributed overhead costs	(387)	(276)
(Deficit)/surplus	(177)	(332)

2023/24 Forecast	Quality measure (Timeliness, due process)
<p>Undertake a range of international engagements:</p> <p>New Zealand membership on the following international Boards:</p> <ul style="list-style-type: none"> • International Auditing and Assurance Standards Board • International Public Sector Accounting Standards Board • Australian Accounting Standards Board • Australian Auditing and Assurance Standards Board <p>Participation in relevant international boards meetings, regional groupings, working groups and task forces. Including:</p> <ul style="list-style-type: none"> • World standard-setters (Accounting) 	<p>Achieve selection on Task Forces/Working Groups for high priority projects. These include:</p> <ul style="list-style-type: none"> • Sustainability Advisory Panel (IAASB) • Audit Evidence Taskforce (IAASB) • Going Concern Taskforce (IAASB) • Sustainability Taskforce (IAASB) <p>Tier 1 and Tier 2 PBE standards issued in New Zealand have no substantive changes</p> <p>Alignment with Australian standards for Tier 1 for-profit entities is maintained. AUASB is informed of New Zealand developments and areas of difference (if any).</p> <p>September 2023</p>

<ul style="list-style-type: none"> • The International Forum of Accounting Standards Setters (IFASS) • The Asian Oceanian Standard Setters Group (AOSSG) • National Standard Setters (Audit and Assurance) <p>Meetings with senior representatives of international Boards including hosting the following senior delegates in New Zealand:</p> <ul style="list-style-type: none"> • Chair of the IESBA Sustainability Task Force • Chair of the IPSASB • Board Member of the IASB 	<p>September 2023 and April 2024</p> <p>September and November 2023</p> <p>May 2024</p> <p>XRB Board understands key projects and has an opportunity to clarify and influence key decision makers.</p> <p>Nov 2023</p> <p>Feb 2024</p> <p>April 2024</p>
<p>Submissions</p> <p>Respond to international requests for comment to ensure New Zealand perspectives are well understood and reflected in international standards.</p> <p><u>Accounting Standards</u></p> <p>IASB</p> <p>ED: Financial Instruments with Characteristics of Equity</p> <p>ED: Amendments to the Classification and Measurement of Financial Instruments</p> <p>Request for Information: Post-implementation Review of IFRS 15 <i>Revenue from Contracts with Customers</i></p> <p>Request for Information: Post-implementation Review of IFRS 9 <i>Financial Instruments – impairment</i></p> <p>IPSASB</p> <p>IPSASB’s Consultation Paper on its Strategy and Work Programme for 2024–2028</p> <p><u>Audit and Assurance Standards</u></p> <p>IAASB</p> <p> Going concern</p> <p> Sustainability assurance</p> <p> Fraud</p> <p>IESBA</p> <p> Ethical and independence requirements for sustainability assurance</p> <p> Use of experts</p> <p><u>Sustainability Standards</u></p> <p>ISSB</p> <p>Sustainability disclosure taxonomy</p>	<p>Submissions by comment deadline, that contribute to shaping the international standards informed by consultation with persons or organisations who would be substantially affected by the proposals.</p> <p>We track the extent to which our submission points are acknowledged in the international boards analysis of submissions and whether the points raised have been addressed internationally before finalizing the standard in New Zealand.</p> <p>In second half of 2023</p> <p>In second half of 2023</p> <p>In first half of 2024</p> <p>In first half of 2024</p> <p>In first half of 2024</p> <p>In second half of 2023</p> <p>In first half of 2024</p> <p>In first half of 2024</p> <p>In first half of 2024</p> <p>By June 2024</p>

6. Prospective financial statements

For the year ending 30 June 2024

Significant assumptions and explanatory notes relating to the prospective financial statements

1. General

The following assumptions have been used in preparing these prospective financial statements:

- The XRB will continue to operate in its current structure and form.
- The XRB's statutory functions will remain unchanged.
- Externally driven costs will increase by no more than the rate of inflation
- There will be no unexpected external events (such as a natural disaster) that will require significant operating or capital expenditures to be incurred.

2. Revenue from the Crown

The approved Crown appropriation for 2023/24 is \$8,730,000.

3. Board meeting expenses

These are primarily Board member fees at rates as set by the REM authority.

4. Technical committee expenses

These are primarily committee member fees for our Accounting Standards Board and Audit & Assurance Standards Board disclosed separately from XRB Board expenses this year.

The budget also includes \$65k for a new technical committee for Sustainability Reporting from October 2023.

5. Communication and engagement

More events have been budgeted for 2023/24 particularly in the area of Climate reporting.

6. International contributions

International contributions have been budgeted the same as 2022/23 including another \$200k contribution for the new International Sustainability Standards Board and contributions to the International Accounting Standards Board and the International Public Sector Accounting Standards Board.

7. Personnel costs

The budget reflects the fact that we will be almost fully staffed for a full year after the challenges of recruitment in 2022/23 whilst we build our capability. The budget also includes \$225k for technical contractor resources for the digitisation of the XRB standards.

Prospective financial statements (continued)

For the year ending 30 June 2024

8. Travel costs

Our budget assumes domestic and international travel levels are back to pre-Covid levels but costs have increased.

9. General operating costs

General operating costs include a budget for \$146k research activities and \$219k ICT costs. Also budgeted are higher rent costs for a move of our Wellington head office.

Statement of accounting policies

1. Reporting entity

The XRB is an Independent Crown Entity under the Crown Entities Act 2004, established on 1 July 2011. It is responsible for external reporting strategy and preparing and issuing financial reporting, climate and auditing and assurance standards and non-binding guidance on a wider range of environmental, social and governance (ESG), and other non-financial matters.

The XRB has designated itself as a Public Benefit Entity (PBE) for financial reporting purposes. The prospective financial statements were approved by the XRB Board on 29 March 2023. The XRB Board is responsible for the prospective financial statements presented, including the assumptions underlying the prospective financial statements and all other disclosures.

2. Statement of compliance

These prospective financial statements have been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The prospective financial statements have been prepared in accordance with Tier 2 PBE Accounting Standards and disclosure concessions have been applied (PBE Standards RDR). This includes PBE FRS 42 *Prospective Financial Statements*.

The criteria under which the XRB is eligible to report in accordance with PBE Standards RDR are:

- The XRB does not have public accountability as defined in XRB A1 *Application of the Accounting Standards Framework*; and
- The XRB has total expenses between \$2 million and \$30 million.

These prospective financial statements have been prepared on a going concern basis.

3. Measurement base

The prospective financial statements have been prepared on a historical cost basis, unless otherwise specified.

4. **Functional, presentation currency and rounding**

The prospective financial statements are presented in New Zealand dollars, which is also the functional currency of the XRB. All values are rounded to the nearest thousand dollars (\$'000) unless otherwise specified.

5. **Significant accounting policies**

- **Revenue 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.

- **Goods and services tax (GST)**

All items in the financial statements are presented exclusive of GST, except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as an input tax, it is recognised as part of the related asset or expense. The net amount of GST recoverable from, or payable to, Inland Revenue is included as part of receivables or payables in the statement of financial position. The net GST paid to, or received from, the Inland Revenue Department, including the GST related to investing activities is classified as net operating cash flows in the Prospective cash flow statement.

- **Income tax**

The XRB is exempt from the payment of income tax. Accordingly, no provision for income tax has been made.

- **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 Prospective statement of comprehensive revenue and expense when payable.

- **Cost allocation**

Direct costs are charged directly to outputs. Attributed overhead costs and other revenues are amounts that cannot be attributed to a specific output in an economically feasible manner. These are charged to outputs based on cost drivers or usage information.

6. **Changes in accounting policies**

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

Prospective financial statements (continued)

For the year ending 30 June 2024

Prospective statement of comprehensive revenue and expense

	Notes	2023/24 Forecast	2022/23 Estimated actual
		\$'000	\$'000
Revenue from the Crown	2	8,730	8,627
Interest		150	134
Total revenue		8,880	8,761
Board meeting expenses	3	303	276
Technical committee expenses	4	568	531
Communication and engagement	5	326	133
Depreciation		78	70
Contributions to international bodies	6	553	558
Personnel costs	7	6,005	5,505
Travel costs	8	792	754
General operating costs	9	1,143	1,173
Total expenses		9,768	9,000
(Deficit)/surplus and Total comprehensive revenue and expense		(888)	(239)

Prospective financial statements (continued)

For the year ending 30 June 2024

Prospective statement of changes in equity

	2023/24	2022/23
	Forecast	Estimated
	\$'000	actual
	\$'000	\$'000
Equity as at 1 July	5,160	5,399
Total comprehensive revenue and expense	(888)	(239)
Equity as at 30 June	4,272	5,160

Prospective financial statements (continued)

For the year ending 30 June 2024

Prospective statement of financial position

	2023/24 Forecast	2022/23 Estimated actual
	\$'000	\$'000
Equity		
Contributed capital	725	725
Accumulated surpluses	3,547	4,435
Total equity	4,272	5,160
Current assets		
Cash at bank	518	450
GST receivable	41	39
Prepayments	22	20
Investments	3,969	4,971
Total current assets	4,550	5,480
Current liabilities		
Payables	316	301
Employee entitlements	182	167
Total current liabilities	498	468
Non-current assets		
Property, plant and equipment	240	153
Intangible assets	-	15
Total non-current assets	240	168
Non-current liabilities		
Provisions	20	20
Total non-current liabilities	20	20
Total net assets	4,272	5,160

Prospective financial statements (continued)

For the year ending 30 June 2024

Prospective cash flow statement

	2023/24 Forecast	2022/23 Estimated actual
	\$'000	\$'000
Cash flows from operating activities		
<i>Cash was provided from:</i>		
Revenue from the Crown	8,730	8,627
Interest received	150	142
	<hr/> 8,880	<hr/> 8,769
<i>Cash was disbursed to:</i>		
Payments to employees	(5,990)	(5,505)
Payments to suppliers	(3,121)	(2,952)
Contributions to international standards boards	(553)	(558)
	<hr/> (9,664)	<hr/> (9,015)
Net cash flow from operating activities	(784)	(246)
Cash flows from investing activities		
<i>Cash was provided from:</i>		
Investments	1,002	340
<i>Cash was disbursed to:</i>		
Capital expenditure	(150)	(55)
Net cash flow from investing activities	852	285
Net increase/(decrease) in cash	<hr/> 68	<hr/> 39
Add opening cash balance	450	411
Closing cash balance	518	450