



Te Kāwai Ārahi Pūrongo Mōwaho
EXTERNAL REPORTING BOARD



2022/23

Te pūrongo a tau

Annual Report

FOR THE YEAR ENDED 30 JUNE 2023

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

This year we achieved a major milestone, issuing the Aotearoa New Zealand Climate Standards in December 2022. I am immensely proud of how we have undertaken this work. From the outset, we said we would work iteratively and consultatively, and we remained true to that commitment. A vast array of professional disciplines, peak bodies, sectors and industries came together and worked with us to create a set of world-leading and transformative reporting standards. The ability for shareholders to make more informed decisions, and for the reporting entities themselves to have a keener eye on the future potential risks and opportunities of climate change and be empowered to act, cannot be understated.

In doing the mahi to develop the disclosures, the External Reporting Board itself has also transformed. The introduction of mandatory climate reporting catapulted us out of our typical spheres of engagement. Simply put, the External Reporting Board has ceased to operate solely in the domain of accountants and auditors and entered a much bigger world. Partnering, engaging, and learning together across sectors and professional disciplines is now central to how we work. This approach is exemplified in how we are approaching the development of an assurance standard for GHG emissions disclosures, thanks in part to the fresh world view brought by Marje Russ, who was appointed as Chair to the External Reporting Board's Auditing and Assurance Standards Board and is on the Sustainability Assurance Reference Group supporting the project of the International Auditing and Assurance Standards Board (IAASB).

We have continued to be a respected voice on the global standard-setting stage through our submissions, attendance at key meetings and liaison with international boards. By continually investing in key global relationships, we are better able to influence and ensure that matters critical to our country are considered.



Key highlights include Greg Schollum's appointment to the IAASB following Lyn Provost's successful contribution to the IAASB over the previous six years, and hosting standard setters and securities regulators from across the Asia-Pacific region at a climate reporting summit in May this year. We have also successfully established new relationships with the International Sustainability Standards Board (ISSB), the Global Reporting Initiative (GRI) and the International Organization for Standardization (ISO).

Good governance ensures the External Reporting Board can be nimble and adapt to our changing context. This year we have undertaken several initiatives to ensure that the Board is well informed, working in the right way and adding value. We commissioned an independent review of our board and sub-boards to assess our overall performance and current arrangements. The review concluded, "The overall picture is one of quality performance to date, but a recognised need to strengthen Board arrangements for meeting new demands". In the coming year we will work through the various recommendations to ensure we optimise our effectiveness, deliver on our extended mandate and achieve our vision for Aotearoa New Zealand.

The Board has also initiated work to develop a shared understanding of Te Tiriti o Waitangi and the importance of this to our role and purpose as an independent Crown entity. The appointment of Sheree Ryan (Ngāti Maniapoto, Waikato) to the Board is helping us progress this mahi with confidence.

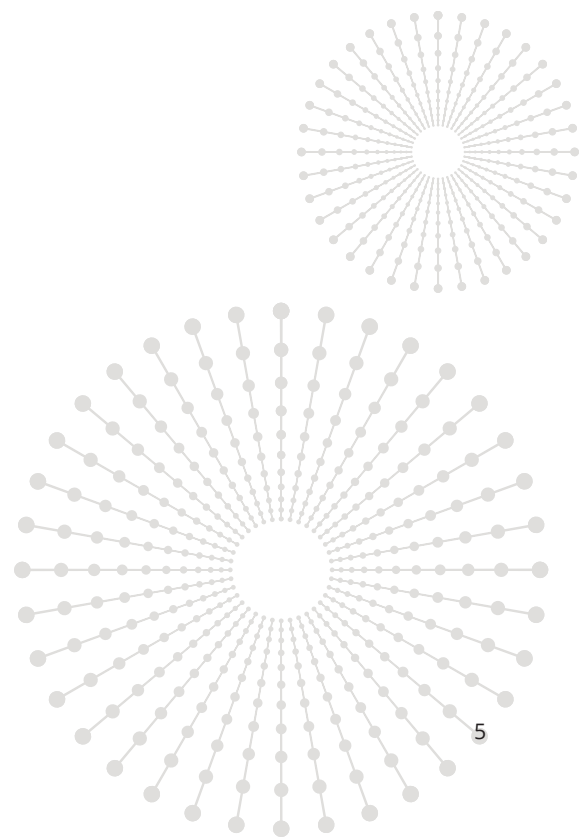
Having a deeper understanding of Te Tiriti is also an important aspect of our multi-year initiative focused on developing an intergenerational impact reporting framework from an Aotearoa New Zealand perspective. This work is under the auspices of a project called Ngā pou o te kawa ora, which refers to the pillars of life. We are grateful for the expert guidance of our Kaitiaki Group led by Joe Hanita (Ngāti Kūia, Te Ātiawa, Rangitāne and Ngāti Kahungunu), along with the generous input of all those who have participated in the regional wānanga and hui over the last 12 months in support of this work.

I would also like to thank my fellow Board members, External Reporting Board staff, the members of our standard-setting Boards and Advisory Panels, and the many stakeholders who have contributed so meaningfully to our work.

Ngā mihi nui



Michele Embling



He kupu nā te tumuaki

2. Chief Executive's report

Throughout the 2022/23 year we have continued our commitment to excellence in our role as standard setters for Aotearoa New Zealand. Our focus on maintaining a reporting strategy with robust frameworks and standards is critical to ensuring reporting and assurance promotes trust, confidence, transparency and accountability across all reporting sectors.

We have responded to international standard-setting developments and tested these within a New Zealand context to inform our submissions to international bodies, and ensured New Zealand's voice and presence on the global stage is maintained.

The resulting standards and amendments that we issued in 2022/23 are detailed later in this report.

A particular highlight this year is the New Zealand specific standards we have issued – the Aotearoa New Zealand Climate Standards, issued in December 2022, and the improved and simplified Tier 3 and 4 not-for-profit Reporting Standards issued in May 2023. To support reporting entities to apply and understand proposed changes to our standards, our teams have delivered an increased number of webcasts, articles, and fact sheets. In response to stakeholder feedback, we have also focused on producing more staff guidance - see Section 9 of this report for further details.

Our ability to deliver high-quality outputs requires operational excellence. The increase in the technical staff needed to deliver on our mandate requires us to ensure we have effective corporate services. Consequently, we have appointed a General Manager Corporate Services to have strategic oversight of the corporate functions that keep the organisation running smoothly.

After 12 years in our Wellington office, we have reassessed our needs and secured new premises which provide greater flexibility in terms of use of space and is closer to other key government agencies.

As we have grown, so too has the diversity of skills and expertise at our disposal, which has evolved how we undertake our work – both at a technical and operational level.



The creation of a dedicated communications function and the appointment of a Head of Communication and Engagement has transformed our profile and how we engage with existing and new stakeholders. We have significantly increased the number of external engagements we undertake, and are presenting information in simpler but more engaging ways, using a variety of communication mechanisms and channels. Staff have also been upskilled through the provision of a presentation and public speaking skills programme to further strengthen engagement efforts.

To ensure we stay up to date with new technology and meet the needs of users we have also commenced a project to scope the viability of digitising the reporting and assurance standards we issue. Given the legal status of reporting standards, and the detail of technical information they contain, progress toward digitisation will be carefully planned and considered over the next 12 to 18 months.

I am immensely proud and privileged to lead a talented and dedicated team. I would like to extend my warmest gratitude and thanks to our people and all the external stakeholders for their contribution to the External Reporting Board's achievements in this exciting year.

Ngā mihi nui

A handwritten signature in black ink, appearing to read 'April Mackenzie', written over a horizontal line.

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, trusted 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.

As part of adopting international standards, we also explore the option of ‘New Zealand-ising’ 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.

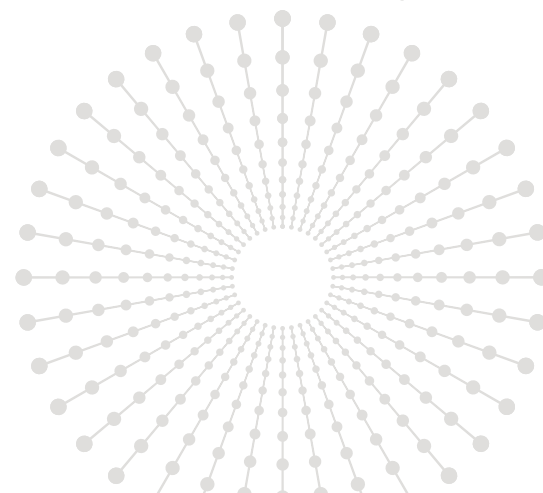
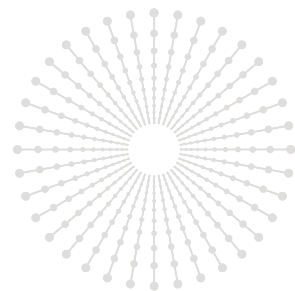
Our adoption of international standards enables international alignment, which is particularly important for entities operating in the international capital markets, where being able to assert compliance with international reporting standards is critical for raising capital. This approach also reduces domestic standard-setting costs.

The main international bodies we liaise with are the:

- Australian Accounting Standards Board (AASB)
- Australian Auditing and Assurance Standards Board (AUASB)
- Financial Reporting Council (FRC) - within Australia and the United Kingdom
- Global Sustainability Standards Board (GSSB)
- International Accounting Standards Board (IASB)
- International Auditing and Assurance Standards Board (IAASB)
- International Ethical Standards Board for Accountants (IESBA)

- International Organization for Standardization (ISO)
- International Public Sector Accounting Standards Board (IPSASB)
- International Sustainability Standards Board (ISSB)
- Taskforce on Climate-related Financial Disclosures (TCFD)

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, and also publish articles and newsletters on a wide range of matters. The External Reporting Board also engages with key stakeholder groups about broader financial reporting system matters.

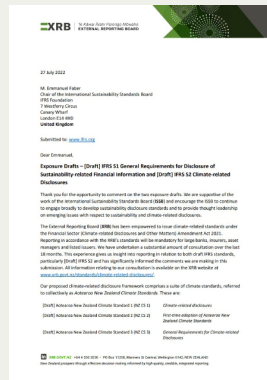


5. Key deliverables – at a glance



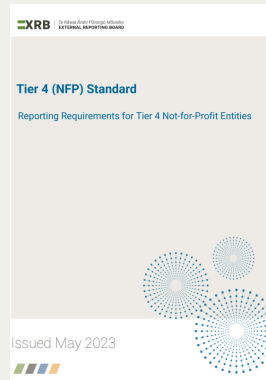
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Exposure drafts & consultation documents issued (2021/22:29)



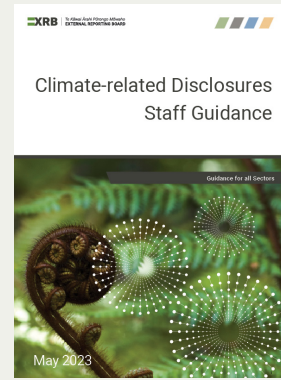
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International submissions (2021/22:15)



17

Standards issued (2021/22:16)



22

Guidance, fact sheets, and support resources published (2021/22:15)

Engagement



150+

LinkedIn posts (2021/22:111)



90

Events (2021/22:129)



34

E-Newsletters (2021/22:46)



15

Videos
Not reported in 2021/22

Media coverage and articles



Reach

3000+

Followers (2021/22:2085)

10,000+

Attendees (2021/22:6200)

3000+

Subscribers (2021/22:2805)

4000+

Views
Not reported in 2021/22

63+

Articles and mentions

Data not captured in prior years

6. Key highlights

Climate Standards



In December 2022 we reached a landmark moment in New Zealand’s transition to a low-emissions future with the publication of the Aotearoa New Zealand Climate-related Disclosures standards. The reporting standards were developed through three consultative iterations which saw a high level of engagement and input from a wide range of sectors and industries.

Scenario analysis

One of the more complex elements of the standards is the requirement for entities to describe the scenario analysis they have undertaken. Scenario analysis is intended to help entities identify their climate-related risks and opportunities and better understand the resilience of their business models and strategies. To help entities with this, we have encouraged entities to get together at sector level to work collaboratively on scenario analysis.



Sector Scenario Analysis Workshop

In November 2022 we hosted a workshop of leaders from the various sectoral scenario development projects which have been undertaken in Aotearoa New Zealand. The purpose of the workshop was to provide an opportunity for sectoral scenario leads to meet, share ideas, discuss the challenges they face and how to overcome them, and to gather insight from those in key decision-making roles in the sectoral scenario analysis process. We have also produced guidance for those who are starting out on what will be a ‘journey’ of increasing scenario analysis and disclosure expertise.

Asia-Pacific Climate Summit

In recognition of the importance of global inter-operability of climate reporting standards, earlier this year we hosted standard setters and securities regulators from across the Asia-Pacific region at a climate reporting summit in Auckland. The Asia-Pacific has strong historical, cultural and economic ties and, as such, we see tremendous value in us working together to building greater connections within our region.

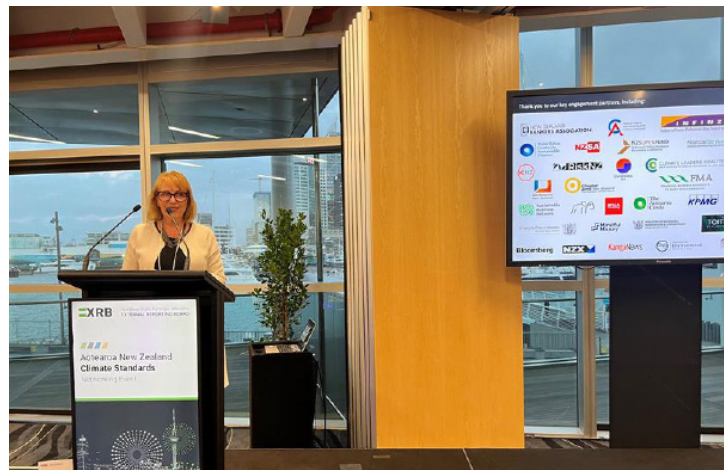
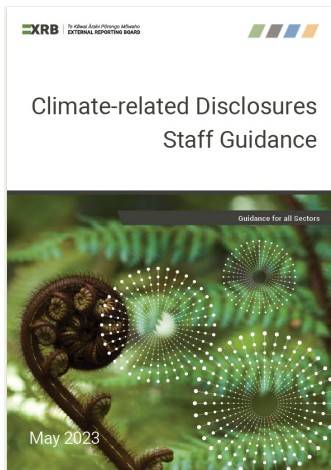


Paul Munter, Chief Accountant US Securities and Exchange Commission

As well as a session on our journey to develop climate reporting standards, attendees heard from Paul Munter, Carol Adams (Chair of the GSSB), and Sue Lloyd (Vice-Chair of the ISSB).

Guidance for All Sectors

In May 2023 we launched the Climate-related Disclosures Staff Guidance for All Sectors. We have created this guidance and other resources to support entities when applying Aotearoa New Zealand Climate Standards.



Aotearoa New Zealand Climate Standards Networking Event
Michele Embling, Chair of External Reporting Board

Award for External Reporting Board

In March this year Michele Embling and April Mackenzie were awarded Australasian Market People of the Year at the KangaNews Debt Capital Markets Awards in Sydney. The accolade was presented with the following citation: “New Zealand is well progressed on the journey to integrating financial markets, sustainability and the world of regulatory and legislative policy. A key part of that process is the country’s commitment to transparent climate disclosures from all key economic actors. New Zealand passed a significant landmark late in 2022 with the publication of its climate-related disclosure standards – a piece of work delivered over three consultative iterations over 18 months. The External Reporting Board steered this process, and the KangaNews Awards acclaim the efforts of its Chair, Michele Embling, and Chief Executive, April Mackenzie, for delivering an outcome that market participants believe meets the needs and expectations of all stakeholders.”



KangaNews Debt Capital Markets
April Mackenzie and Michele Embling.

Audit and Assurance standards

Greenhouse Gas (GHG) emissions assurance

In March 2023 we completed our consultation on the assurance engagements for GHG emissions, which has elicited a broad range of views. Climate reporting and assurance over GHG emissions disclosures is a fast-evolving area and currently there is no licensing arrangement which specifies who can undertake these assurance engagements.

We believe it makes practical sense to work with assurance practitioners from a range of professional disciplines, and the temporary assurance standard we have proposed would allow GHG emissions disclosure assurance to be undertaken by a wide range of competent practitioners, including those outside the financial audit profession.

Recognising that different professional disciplines have their own 'language', we have also developed a short animation explaining key terms used in the proposed standard. The standard will be issued mid-way through 2023 to allow time for assurance practitioners to prepare for mandatory assurance engagements.



Explanation of key terms used to assure GHG emission disclosures

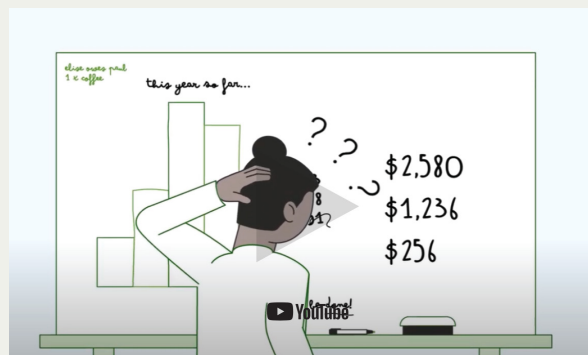
Accounting standards

Given the maturity of accounting standards and underlying frameworks, the focus in the current year has been on ensuring the standards continue to reflect the latest international standards while also remaining fit for purpose in New Zealand.

Improved and simpler reporting for smaller charities

In response to concerns raised by smaller charities about the burden of preparing financial reports in accordance with our accounting standards, we have issued simplified and improved reporting requirements for Tier 3 and Tier 4 not-for-profit entities. These new requirements are applicable to over 75% of the 28,000 registered charities in New Zealand to meet their annual statutory reporting requirements.

The improved Tier 3 and Tier 4 reporting requirements for charities and other not-for-profit entities seek to make reporting easier for smaller entities, which are often run by volunteers, while ensuring an appropriate level of accountability and transparency is maintained. We see annual reporting as a key part of maintaining public trust and confidence across the charitable sector.



Reporting for small (Tier 4) charities animation

Mana whakahaere

7. Governance and advisory groups

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 the Auditing & Assurance Standards Boards – provide technical expertise and advice on developing and implementing our reporting and assurance standards. For sustainability reporting, the External Reporting Board has established two groups to guide particular projects: a Climate Project Steering Group for climate-related disclosures, and a Kaitiaki Group for Ngā pou o te kawa ora.

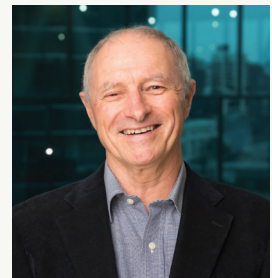
XRB Board



Michele Embling
(Chair)



Jane Taylor
(Deputy Chair)



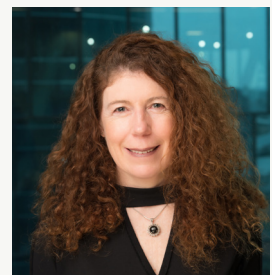
Michael Bradbury



Fergus Welsh



Sheree Ryan,
(Ngāti Maniapoto, Waikato)



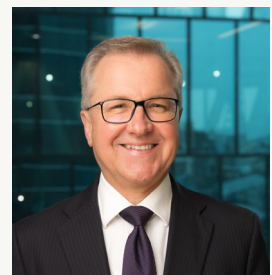
Jacqueline Cheyne



John Kensington



Julia Fink



Andrew Mills
(Appointed 26 June 2023)

Auditing & Assurance Standards Board

Marje Russ (Chair)
John Kensington (Deputy Chair)
Bill Edge (AUASB)
David Hay
Richard Kirkland
Mark Maloney
Vasana Vanpraseuth
Wendy Venter

Accounting Standards Board

Carolyn Cordery (Chair)
Michael Bradbury (Deputy Chair)
Francis Caetano
Keith Kendall (AASB)
Denise Hodgkins
Richard Perry
Richard Smyth
Jason Stinchcombe
Lara Truman
Warwick White

Climate Project Steering Group

Jacqueline Cheyne (Chair)
Michele Embling
Jane Taylor
April Mackenzie

Climate-related Disclosures Expert Advisory Panel

Annabel Chartres
Alison Howard
Adrian McDonald
Jonathan Keate
Darren Beatty
Karl Hickey
Belinda Storey
Dale Scott

Kaitiaki Group (established August 2022)

Joe Hanita (Chair), (Ngāti Kuia, Te Ātiawa, Rangitāne and Ngāti Kahungunu)
Darren Beatty (Ngāti Kahungunu, Te Whānau a Apanui, Ngāti Porou, Te Roroa.)
Michele Embling
Julia Fink
Kiwa Hammond (Ngāti Kahungunu o Te Wairoa, Ngāti Ruapani, Rongowhakaata, Moriori.)
April Mackenzie
Sheree Ryan (Ngāti Maniapoto, Waikato)

External Advisory Panel (XRAP)

Craig Fisher (Chair)
Darren Beatty
Katie Beith
Simon Brotherton
Mike Burrell
Mark Flintoff (to February 2023)
Peter Gudsell
Rick Jones
Jim McElwain (to June 2023)
Steven Moe
Greg Munford
Fiona Oliver
Kirsten Patterson
John Ryan (to September 2022)
Sheree Ryan (appointed to XRB Board August 2022)
Samantha Sharif (to March 2023)
Cameron Town
Joost van Amelsfort
Tony van Zijl
Peter Vial (to June 2023)
Rachel Walsh
Rickey Ward
Simon Wilkins

Thank you to these members who have retired from service during the year:

XRAP

Mark Flintoff
Jim McElwain
John Ryan
Sheree Ryan
Samantha Sharif
Peter Vial

He rawa mō ngā mahi kia tutuki

8. Ownership performance

Scope of business

The External Reporting Board's planned scope of business for the year was:

The development and issuing of financial, climate reporting and auditing and assurance standards (including ethical and professional standards), and associated and other guidance that engender trust and confidence in New Zealand financial and non-financial reporting; assist entities to better communicate their performance, enhance entities' transparency, accountability, and stewardship to stakeholders in the for profit, not-for-profit and public sectors.

The External Reporting Board'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 2023 are provided in the Financial Statements of this annual report. A summary of the External Reporting Board'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 delays in recruiting specialist resources as a result of labour market shortages and a later-than-planned commencement of a project to improve accessibility of standards and guidance. Note 26 (on page 66) to the financial statements provides more detail on major variations in specific expense items.

Capital expenditure

Our capital expenditure for the year to 30 June 2023 was \$55,000. This is primarily for replacing old computer equipment. We will be moving our Wellington office in the first quarter of the financial year 2023/24 so we have written down the carrying amount of the current office fitout this year.

Financial measure	2022/23 Actual (\$000)	2022/23 Budget (\$000)
Funding from the Crown	8,627	8,627
Interest revenue	193	25
Expenses	(8,614)	(9,771)
Operating surplus/(deficit)	206	(1,119)
Equity	5,605	4,116
Net cash flows from operating activities	374	(890)
Net Increase in cash	144	296

GHG emissions

Measuring our scope 1, 2 and 3 GHG emissions commenced in 2022. As this work matures, we will start to formulate an action plan to effectively manage our emissions, including setting targets.

Our two main sources of GHG emissions are both scope 3 emissions: business travel and purchased goods and services. Our FY23 emissions were 239 tCO₂e higher than in FY22. Increased business travel accounts for over half of this increase (138 tCO₂e) as international travel resumed following COVID-19 lockdowns. One of the key activities we undertake is to influence the work of the international boards during appropriate stages of standards development. This ensures high-quality global standards that are in the public interest globally and relevant to New Zealand. Ensuring New Zealand perspectives are well understood by international standard setters is key to this and is the reason we maintain in-person attendance at key international meetings and events.

Emissions from purchased goods and services have also increased by 92 tCO₂e due to increased operational spend as a result of growth in staff numbers, corresponding to and including; IT support services and employee training.

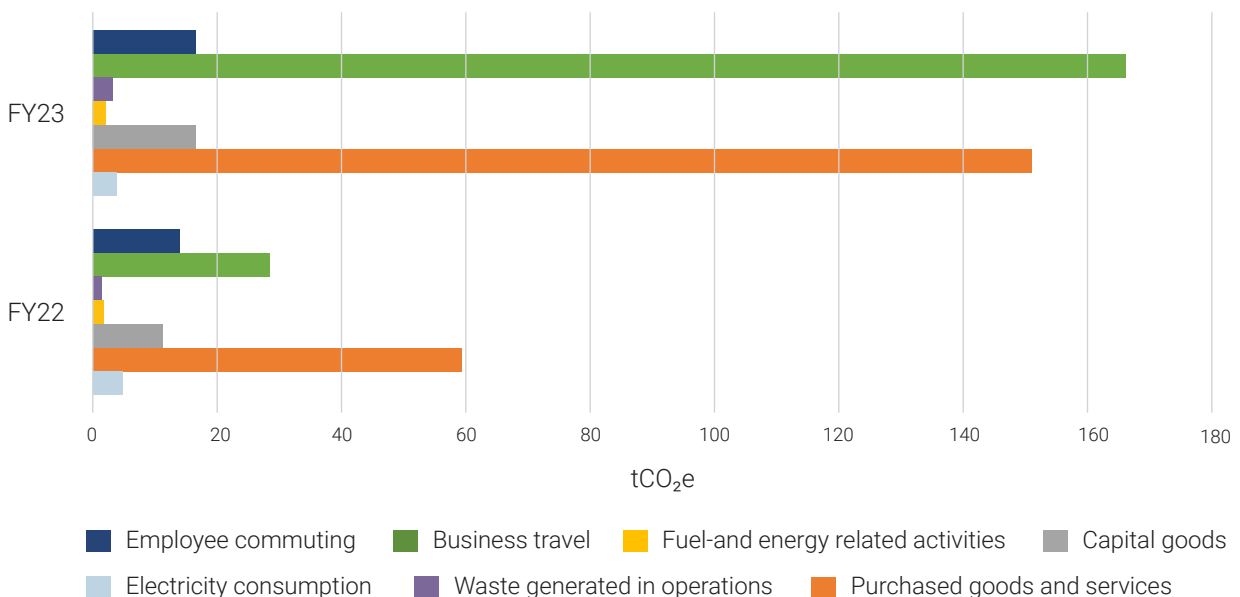
GHG emissions totals	2021/22 tCO ₂ e	2022/23 tCO ₂ e	
Scope 1	0	0	Scope 1 - Produced directly through our operations
Scope 2	5	4	Scope 2 – Emissions from purchased electricity
Scope 3	115	355	Scope 3 – Emissions from wider supply chain
Total	120	359	tCO ₂ e – Tonnes carbon dioxide equivalent.

Our GHG emissions footprint has been prepared in line with the following standards:

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

We use the operational control consolidation method. Emissions factors used in FY23 are from Ministry for Environment 'Measuring emissions: A guide for organisations: 2023 detailed guide'. Air travel emissions do not include radiative forcing. Well-to-tank emission factors were sourced from the Department for Energy Security and Net Zero 'Greenhouse gas reporting: conversion factors 2023'. These sources both use Global Warming Potentials from the 5th Assessment Report. Spend-based emission factors are sourced from the Eora Global Supply Chain Database (2013). These were converted from US dollars to NZ dollars and adjusted to account for inflation. The time horizon is 100 years.

GHG emissions by category

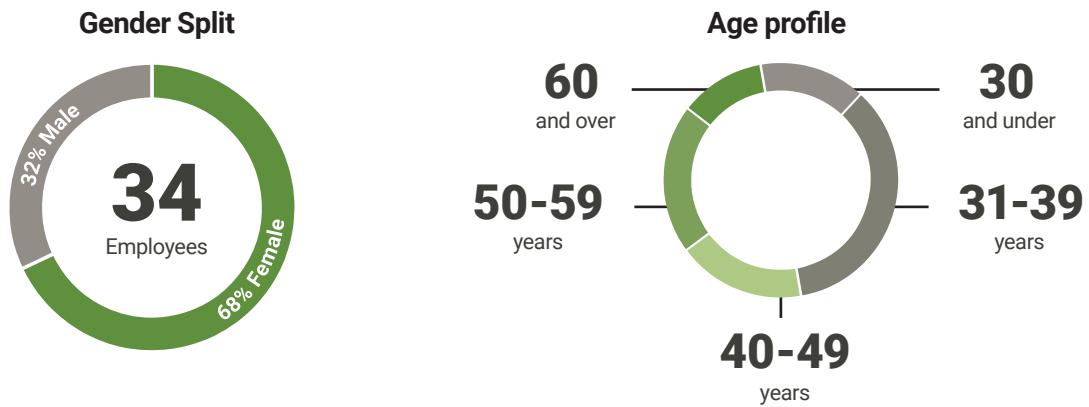


Our people

We value our people, who we see as our key resource. We strive to provide a caring and inclusive environment that provides equal opportunities for all. We endorse and uphold the principles underlying equal opportunity and good employer legislation.

Workforce profile

We are a small organisation where changes in staffing can impact our figures significantly. We currently have more women than men in our workforce, with more women holding leadership roles.



Workforce component	2022/23	2021/22
Employees	34	29
Part-time	6	4
Casual	1	1
Women	68%	66%
Women in management	83%	83%

Workforce age profile	2022/23	2021/22
Under 30 years of age	5	7
31-39 years of age	12	8
40-49 years of age	6	8
50-59 years of age	7	5
60+ years of age	4	1

We have commenced capturing ethnicity data this year as part of our Kia Toipoto (Gender and Pay gap) action plan.

Workforce ethnicity	2022/23
European	80%
Māori	2.9%
Pacific	0%
Asian	8.6%
MELAA (Middle Eastern/Latin American/African)	2.9%
Other	5.6%

Our people

We're passionate about our work at the External Reporting Board and we love to celebrate our diversity.

Our Profession & Passion LinkedIn campaign was a way to profile our people and their passions outside of work.



Gali



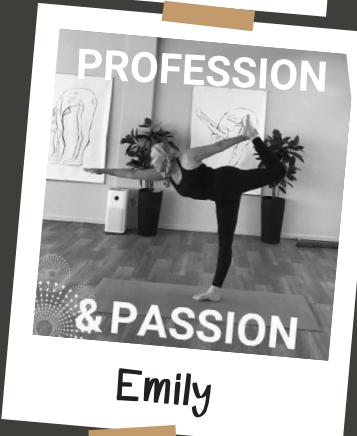
Sharon



Bruce



Anna



Emily



Amelia



Jack



Tereza



Dawn



Geoff

Good employer information

Leadership, accountability & culture

The External Reporting Board 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. We are constantly looking to improve our people systems and processes, and this has included the introduction of a new HR system this year.

Employee development & promotion

To support the development of our people, 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. This year we have held presentation and business writing courses.

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

Diversity & inclusion

We recognise that building a diverse and inclusive workplace culture results in enhanced relationships with stakeholders, improved financial performance and a stronger 'one team' culture. We are dedicated to creating an inclusive environment where all of our people are encouraged to reach their full potential, and individual differences are valued and respected.

Recruitment, selection & induction

Wherever possible, we operate open and public recruitment processes. Candidates of varying skills and backgrounds are encouraged to apply. We appoint people 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.

Flexibility & work design

We operate in three major geographical areas (Wellington, Auckland, and Christchurch) as well as having some staff working remotely, which ensures we can recruit and retain the best possible people regardless of location. We are output-focused and operate a policy of flexible working designed to accommodate the needs of our people, including their location and work patterns.

Harassment & bullying prevention

We have zero tolerance for any form of bullying or harassment, and we are not aware of any instances of either during the financial year. Policies and procedures are in place covering harassment and bullying.

Remuneration, recognition & conditions

Remuneration is 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 External Reporting Board's gender pay gap has increased to -15% (2022: -12%). The gender pay gap is calculated by the median hourly rate method as recommended by Statistics New Zealand. The comparatives for 2022 have been restated using the median hourly rate rather than average. The gender pay gap for the employees involved in standard-setting (the main professional group in the External Reporting Board) is -18% (2022: 4%). The gap reflects the differing seniority (and therefore salaries) of various positions in the organisation. As the External Reporting Board is a small organisation data can be volatile changing a lot as employees come and go.

Wellbeing, health & safety

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 our people are kept safe by having trained first aiders and fire wardens. Our offices have a civil defence emergency kit, and we encourage our people to be prepared for a natural disaster. Workplace assessments and modern desk equipment are provided to ensure employees' comfort at their desks. All our people are encouraged to take their annual leave in the period they earn it. Our people can also access a confidential Employee Assistance Programme when needed.

Māori-Crown relations

We are committed to honouring Te Tiriti o Waitangi and to support this we are currently building and developing our relationships with Māori.

We have also commenced work on a multi-year initiative focused on developing an intergenerational impact-reporting framework from an Aotearoa New Zealand perspective. This work is under the auspices of a project called Ngā pou o te kawa ora, which refers to the pillars of life. To support this work, we have implemented a Kaitiaki Group, which includes mātauranga Māori and te ao Māori expertise.

We have also made te reo Māori language training available to all staff and have participated in the 'Wall Walk' event. The walk invites new or deeper consideration about particular events, and their impact on Māori and on Aotearoa New Zealand.

Te tauaki mō ngā mahi kia tutuki

Statement of performance

FOR THE YEAR ENDED 30 JUNE 2023

The following section reports on the services we were funded to deliver in the year ended 30 June 2023, how we delivered them, and the impact they had on our outcomes.

Te tauaki mō ngā mahi kia tutuki

9. Statement of performance

Outcome performance statement

Our outcome performance statement includes the following two components:

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

The following section reports on the services we were funded to deliver in the year ended 30 June 2023, how we delivered them, and the impact they had on our outcomes.

Funding of services

The External Reporting Board 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 External Reporting Board. 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 this output class and these are described in the Outputs Performance Statement in the following section.

Output class	2022/23 Actual \$000	2022/23 Budget \$000	2021/22 Actual \$000
Description			
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
Revenue from the Crown	8,627	8,627	8,581
Revenue from others	193	25	29
Expenses	(8,614)	(9,771)	(6,428)
Operating Surplus / (Deficit)	206	(1,119)	2,182

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

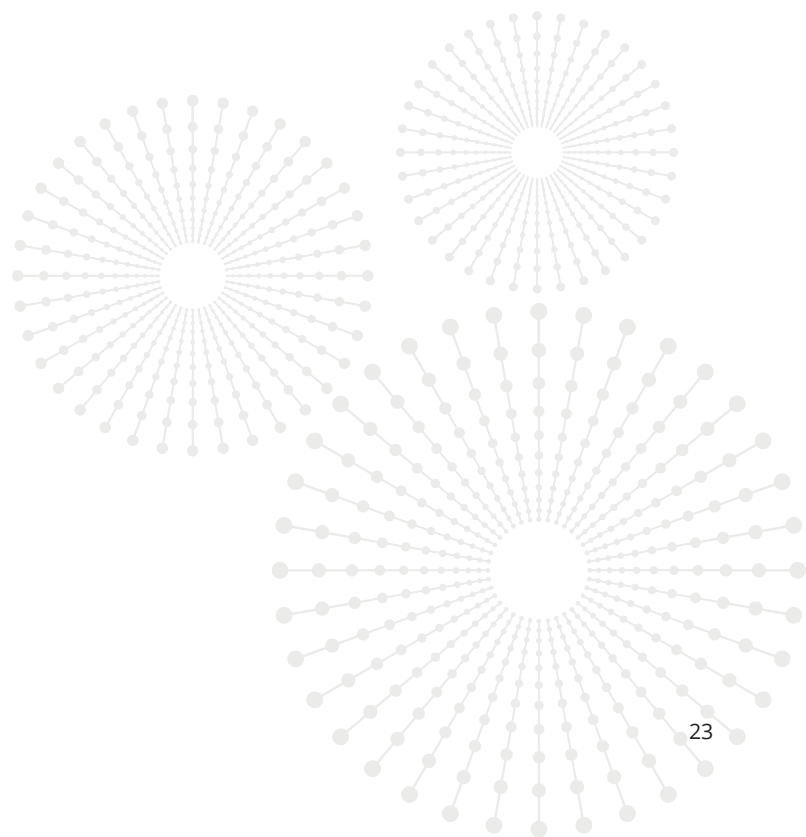
- » the scope of what is intended to be achieved
- » an assessment and explanation of performance
- » financial performance.

This output class is intended to develop and issue financial, audit and assurance, and climate-related disclosure standards and associated documents that align with international standards and are harmonised with Australian standards (where applicable) and relevant in a New Zealand context.

Outputs

The External Reporting Board has five specific outputs that make up its Output Class:

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



Measuring performance on achieving outcomes

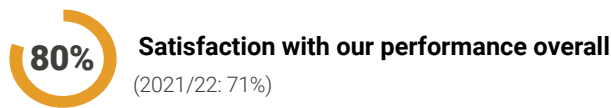
We use several mechanisms to measure our contribution to the achievement of our outcomes.

(a) Stakeholder survey

Following on from the Stakeholder Research conducted in February 2023 we issued a shorter interim stakeholder survey (conducted by Kantar Public) to assess the current state of, and any changes to, stakeholders' perceptions of our performance, products, and interactions.

The survey was conducted online and attracted a total of 115 respondents. The number of respondents was lower than desired, possibly due to the proximity to the previous 2022 survey, and as a result we will reassess the timing and promotion of the next stakeholder survey.

Overall results



(2021/22: 69%)

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.



(2021/22: 60%)

Enable 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.

Product perception

78% of all stakeholders agree it is important that New Zealand adopts international standards to ensure global competitiveness.

(2021/22: 83%)

84% of stakeholders agree that the External Reporting Board consults appropriately before adopting standards. Most think it takes the right amount of time to adopt a new standard (71%).

(2021/22: 72%)

69% of stakeholders agree that External Reporting Board provides good supporting information to help entities implement new/ amended reporting requirements.

(2021/22: 72% Accounting standards users, 58% Audit standards users.

Aggregate figure of 63% not reported).

(b) Research

Climate-related disclosure framework effectiveness evaluation

The aim of Aotearoa New Zealand Climate Standards is to support the allocation of capital towards activities that are consistent with a transition to a low-emissions, climate-resilient future. Understanding whether the disclosure framework is contributing to business, investment, lending and insurance underwriting decisions is fundamental to delivering on that aim. To assess the effectiveness of Aotearoa New Zealand's climate-related disclosure framework, we have appointed the University of Otago to undertake a multi-year piece of research which will run from 2023 to 2025.

Perceptions of audit committee chairs

We recently commissioned research to explore how audit committee chairs perceive the role of auditing in maintaining trust and confidence in financial reporting to inform discussions on whether the External Reporting Board's standards enhance trust and confidence in New Zealand reporting. We will publish a report summarising the key findings later in 2023.

(c) Broader indicators

Several external indicators and reports have a natural correlation to our impact as standard setters and are therefore part of our evaluation process. We have identified the following indicators that have relevance to our work.

Government corruption index

The 2022 Transparency International Corruptions Perception Index (CPI) is used to assess the level of government corruption for each economy. The CPI ranges on a scale from 0 to 100, where 0 is absolute corruption and 100 is no perception of government corruption. New Zealand's level of corruption perception is 87 (2021: 88) against a global average of 43. New Zealand's ranking in this index supports New Zealand entities to be competitive and credible within international capital markets.

Investor confidence in New Zealand financial markets

The 2022 Financial Markets Authority Investor Confidence Survey found 66% of investors are confident in the country's financial markets.

Trust and confidence in the charitable sector

Every two years, the Department of Internal Affairs (DIA) Charities Services, commissions a survey to measure the levels of public trust and confidence in the charitable sector. The results of the most recent survey, conducted in 2021, show that trust levels are moderate, at 6.5 out of 10. This is up from a mean score of 5.9 in 2019. The survey shows key factors contributing to the level of trust and confidence in the charitable sector include transparency regarding use of charitable funds, whether charities are registered, and information about the impact they are having.

Retail investors' confidence in financial markets

The 2022 CA ANZ Investor Confidence Survey shows that confidence in the audited financial reports produced by public companies remains strong. However, investors think that financial reports are difficult to understand, and that digital reporting would improve their ability to access the financial information they need. Independent auditors retain their position as the most trusted group when it comes to investor protection and market integrity, followed closely by analysts, the NZX and regulators.

Climate information continues to be very important to retail investors' decision making as they believe climate change is a key business risk and that companies have a responsibility to address its impacts. Investors also see the importance of broader sustainability reporting, and believe that agreed standards and independent assurance would increase their confidence in it.

Detailed performance measures against specific outputs are covered in the Outputs performance statement 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 IASB, IPSASB, IAASB and ISSB
- » policy and regulatory trends in major markets.

10. Outputs performance statement

OUTPUT 1:

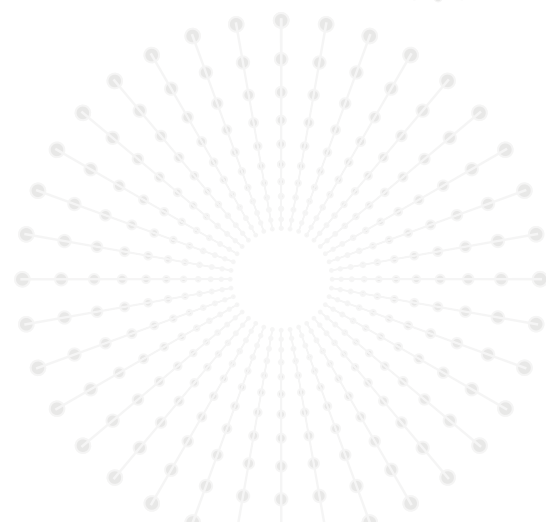
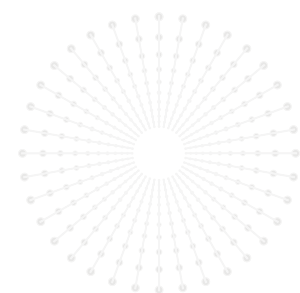
Reporting strategy: Develop and implement reporting strategies and frameworks for the Board's standards-setting activities.

This output is about engaging with stakeholders, setting and communicating our strategy, and the initial work on developing an environmental, social and governance (ESG) framework.

Outcome impact:

The development and maintenance of a reporting strategy and supporting frameworks provides preparers with a point of reference and certainty regarding the context in which to communicate their performance. Being able to report against our financial, climate, and audit and assurance standards enables entities to demonstrate transparency, accountability and stewardship to their stakeholders.


	2022/23 Actual \$000	2022/23 Budget \$000	2021/22 Actual \$000
Revenue from the Crown	1,309	1,308	666
Interest and other income	193	25	29
Expenses	(1,012)	(1,160)	(542)
Attributed overhead costs	(253)	(285)	(121)
Operating surplus / (deficit)	237	(112)	32




 Delivered

 Progressed

 Modified


<p>Performance Measure  Delivered</p> <p>Stakeholders agree that the External Reporting Board develops and issues financial, climate reporting and auditing and assurance standards, and associated and other guidance that engender confidence in Aotearoa New Zealand financial and non-financial reporting.</p>	
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Forecast 2022/23	Actual 2022/23
<p>Issue feedback statement from 2022 survey that includes targets for improvement, where necessary, from baseline established by the survey.</p>	<p>Rather than issue a single ‘feedback statement’, we communicated the results of the survey and intended actions through a range of mechanisms and channels, including E-News, LinkedIn posts, and speeches.</p> <p>Stakeholder survey results showed a 69% satisfaction rate with our performance in this area. An interim survey conducted in February 2023 shows satisfaction with our performance in this area has increased to 77%.</p> <p>Stakeholders sent a clear signal through the 2022 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. We have also introduced new mechanisms such as our new ‘Need to Know’ and ‘Deep Dive’ webinar events, ‘Walk-through Webcast’ videos which offer a short (maximum 10 minute) overview of consultation documents and 3 to 5 minute animated explainer video clips.</p>


<p>Performance Measure  Delivered</p> <p>Stakeholders agree that the External Reporting Board assists entities to better communicate their performance, enhances entities’ transparency, accountability and stewardship to stakeholders, and supports high-performing and accountable organisations in both the private and public sectors.</p>	
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Forecast 2022/23	Actual 2022/23
<p>Issue feedback statement from 2022 survey that includes targets for improvement, where necessary, from baseline established by the survey.</p>	<p>Stakeholder survey results published in 2022 showed a 60% satisfaction rate with our performance in this area. Over the past year we have increased provision of guidance and resources and have committed to taking a more visible leadership role in demonstrating best practices. We are pleased to see that the 2023 interim survey now shows a satisfaction rate of 76%.</p>

 Delivered

 Progressed

 Modified

Performance Measure  Delivered

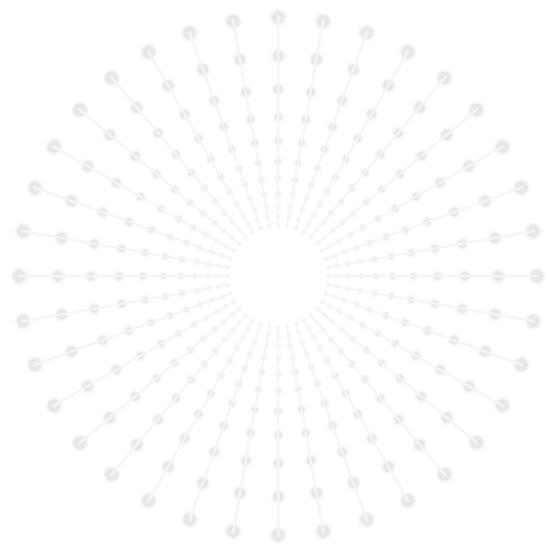
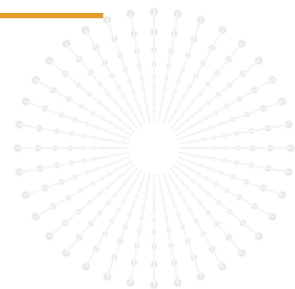
Stakeholders agree that External Reporting Board consultation documents are clear and understandable.

Forecast 2022/23	Actual 2022/23
Issue feedback statement based on responses received through consultations and that includes targets for improvement.	Our 2023 interim stakeholder survey results showed a high level (84%) satisfaction with consultation processes and documents. This included positive feedback on the consultation documents and engagement on the development of the Climate-related Disclosure standards. This approach for consultation documents has subsequently been rolled out for Accounting, and Audit and Assurance consultations. This includes the introduction of the 'Walk-through Webcast', a pre-recorded 10 minute interview style guided tour of consultation documents.

Performance Measure  Progressed

Develop a framework to support environmental, social and governance (ESG) and other non-financial reporting that is relevant for Aotearoa New Zealand.

Forecast 2022/23	Actual 2022/23
Initiate, conclude and issue phase 1 report from the Ngā pou o te kawa ora project – a framework for Māori reporting entities.	Over a dozen wānanga with more than 80 attendees were held over the motu as part of phase 1 of the Ngā pou o te kawa ora project. PwC was appointed as the external provider to develop a draft framework. A Kaitiaki Group was also established to oversee the project, this included members with a strong background in matauranga and te ao Māori. Phase 1 was not completed by 30 June, so the External Reporting Board will continue this work through 2023/24.



OUTPUT 2:

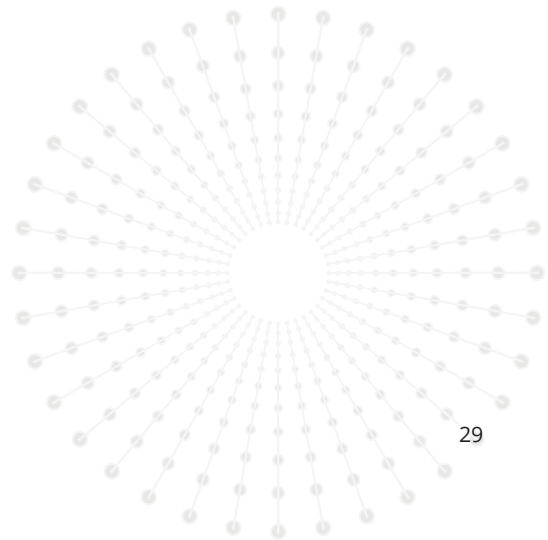
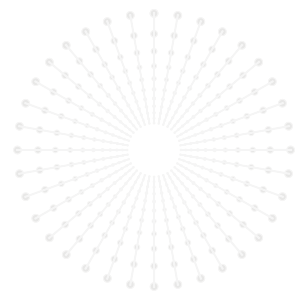
Preparing and issuing Financial Reporting Standards.

This output is about the work we do in setting financial reporting standards and guidance, including engaging with our stakeholders on financial reporting topics.

Outcome impact:

Providing entities across the private and public sectors with independently developed, high-quality, internationally recognised financial reporting standards enables them to communicate their financial performance and be held accountable to their stakeholders. For relevant tier 1 and 2 entities, this ensures global comparability and competitiveness and allows users of financial reports to have trust and confidence in that reporting. Entity transparency is also enhanced through quality information which enables informed decision making for a range of stakeholders.


	2022/23 Actual \$000	2022/23 Budget \$000	2021/22 Actual \$000
Revenue from the Crown	1,988	1,989	2,092
Expenses	(1,376)	(1,785)	(1,292)
Attributed overhead costs	(389)	(438)	(366)
Operating surplus / (deficit)	223	(234)	434



 Delivered

 Progressed

 Modified

Performance Measure  Modified	
Due process requirements and policies followed, including legislative consultation requirements, and international convergence and harmonisation policies.	
Forecast 2022/23	Actual 2022/23
100% compliance	<p>All standards (and amendments) issued in the year have been subject to appropriate due process through public consultation and key stakeholder engagement.</p> <p>Consultation methods include the issuance of discussion documents, hosting webinars, social media campaigns, discussions with the Accounting Technical Reference Group, presenting through umbrella membership organisations, meetings with key stakeholders, auditors, and regulators.</p> <p>All standards (and amendments) issued have been developed in accordance with the New Zealand Accounting Standards Framework and internal policy documents.</p> <p>Tier 1 for-profit accounting standards have (except for some New Zealand-specific disclosure disclosures) remained:</p> <ul style="list-style-type: none"> • aligned with IFRS and • harmonised with Australian equivalent accounting standards. <p>The External Reporting Board's Tier 2 for-profit accounting standards have not been harmonised with changes made to Australian equivalent accounting standards in March 2020. The External Reporting Board agreed to wait for the completion of an IASB reduced disclosure project which may provide a future international basis for developing Tier 2 reporting requirements in both New Zealand and Australia.</p>

 Delivered

 Progressed

 Modified
Performance Measure
 Modified

Due process documents and standards relating to International Financial Reporting Standards (IFRS) issued in accordance with a timeline established by the Board (usually not less than 90 days).

Forecast 2022/23**Actual 2022/23**

100% compliance

All due process documents issued relating to proposed changes to IFRS Standards have been made available on the External Reporting Board website, and New Zealand feedback has been encouraged through targeted outreach activities.

The IASB issued four amending standards in the year:

- Lease Liability in Sale and Leaseback (Amendments to IFRS 16)
- Non-Current Liabilities with Covenants (Amendments to IAS 1)
- International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

All New Zealand equivalents to standards issued by the IASB in the year have been approved for issue by the External Reporting Board within the standard timeline – except for one amending an IASB Standard as discussed below.

Non-current Liabilities with Covenants – Amendments to IAS 1 issued by the IASB in October 2022 was not issued by NZASB within the standard 90 days due to a regulatory issue. This matter was subsequently resolved with the amending standard published in May 2023.

Performance Measure
 Delivered

Decision regarding adoption of standard issued by the International Public Sector Accounting Standards Board (IPSASB) within 90 days of release of a new/amended standard.

Forecast 2022/23**Actual 2022/23**

100% compliance

We considered the adoption of all standards issued by the IPSASB during the year shortly after their publication.

The IPSASB issued the following four standards which were published in May 2023.


- IPSAS 45 Property, Plant and Equipment
- IPSAS 46 Measurement
- IPSAS 47 Revenue; and
- IPSAS 48 Transfer Expenses

For IPSASB 46 *Measurement* and related pronouncements, the NZASB agreed to wait for IPSASB to complete the second phase of its Measurement project before determining whether to adopt these standards and related pronouncements in New Zealand.

 Delivered


 Progressed

 Modified

Performance Measure  Delivered	
Issue domestic standard, guidance and/or consultation document in accordance with agreed work plan.	
Forecast 2022/23	Actual 2022/23
Issue standard on Enhanced Disclosure of Fees paid to Audit Firms.	Final amending standards issued and gazetted on May 2023. <ul style="list-style-type: none"> • Disclosure of Fees for Audit Firms' Services (Amendments to PBE-44) • Disclosure of Fees for Audit Firms' Services (Amendments to PBE IPSAS 1) The amendments responded to calls for increased transparency and consistency of disclosures in financial statements about the total fees incurred for services provided by an entity's audit firm for services in addition to the financial statement audit or review.
Issue final amendments to Tier 3 and Tier 4 Reporting Requirements.	New Tier 3 and Tier 4 Accounting standards were issued in May 2023. <p>The new standards simplify and improve on existing reporting requirements for smaller Public Benefit Entities, while ensuring an appropriate level of accountability and transparency is maintained.</p> <p>The new standards were issued together with optional templates to assist entities in applying the requirements.</p>
Issue final standard on Public Sector Insurance.	Final amending standards issued in June 2023. <p>For public sector entities that issue insurance contracts, the amendments will ensure the accounting for these contracts are aligned with globally accepted accounting practice and disclosure.</p>
Issue exposure draft (ED) on PBE Leases.	An ED on PBE Leases was published in August 2022 and closed for public consultation in November. <p>The proposals sought to align the accounting for lease contracts by PBEs, with the equivalent for-profit accounting requirements.</p> <p>The ED received mixed feedback with many PBEs saying the cost/benefit considerations of the new leases model were different for PBEs in contrast to for-profit entities.</p> <p>We are completing further analysis before confirming next steps.</p>
Issue exposure draft of amendments to XRB A1 public accountability.	Rather than propose amendments to XRB A1, the External Reporting Board agreed that the same outcomes could be achieved through the issuance of staff guidance material. <p>The staff guidance on the Definition of Public Accountability in XRB A1 was published in August 2022.</p>

 Delivered

 Progressed

 Modified
Performance Measure (continued)
 Delivered


Issue domestic standard, guidance and/or consultation document in accordance with agreed work plan.

Forecast 2022/23**Actual 2022/23**

Issue guidance material on applying Tier 3 and Tier 4 Reporting Requirements.

Tier 3 and Tier 4 Template Performance Report, together with guidance notes, was published in May 2023.

A 'how-to' animation was launched in June 2023 to promote and support the use of the simplified reporting template for small (Tier 4) not-for-profit organisations.

Performance Measure
 Delivered

Promote awareness of frameworks, standards and guidance throughout life cycle, from development to implementation.

Forecast 2022/23**Actual 2022/23**

Engagement with primary users, reporting entities, relevant government and regulatory agencies, and audit and advisory service providers about.

The following key activities to promote awareness and the consistent application of accounting standards have been undertaken:

First-time application of PBE FRS 48 Service Performance Reporting.

'Walk-through Webcast' – October 2022 (over 60 attendance)
Re-issue of PBE FRS 48 Guidance – August 2022
Panel discussion – March 2023 (over 440 views)

Ongoing considerations when applying NZ IFRS 16 Leases.

Fact Sheet – published July 2022
Need to Know webinar series.

Importance of going concern disclosures across all sectors.

Staff guidance on going concern disclosures was published in February 2023 – for both for-profit and PBE sectors.

Importance of focusing disclosure on the most relevant and important information.

Insights article published April 2023.
Massey University engaged to conduct research. A final report due November 2023.

Other key activities.

Four targeted 'Need to Know' webinars held.
Share-based payments FAQ document published in February 2023.

OUTPUT 3:

Preparing and issuing Auditing and Assurance (including Ethical and Professional) Standards and other related Services Standards.


This output is about the work we do in setting auditing and assurance standards and other related services and guidance, including engaging with our stakeholders on auditing and assurance topics. References to auditing and assurance standards also include professional and ethical standards.

Outcome impact:


The provision of internationally credible audit and assurance, and ethical standards supports high quality and consistent audit and assurance practice and ensures trust and confidence in reported information is enhanced through third party independent assurance.

	2022/23 Actual \$000	2022/23 Budget \$000	2021/22 Actual \$000
Revenue from the Crown	1,607	1,607	1,360
Expenses	(1,194)	(1,443)	(1,073)
Attributed overhead costs	(314)	(354)	(237)
Operating surplus / (deficit)	99	(190)	50


 Delivered
  Progressed
  Modified

Performance Measure	 Delivered
Issue domestic standard, guidance and/or consultation document in accordance with agreed work plan.	

Forecast 2022/23	Actual 2022/23
Issue standard on Assurance over Financial Information Prepared in Connection with a Capital Raising.	Issued SAE 3450 Assurance over Financial Information Prepared in Connection with a Capital Raising in December 2022. Our explanations for decisions made was issued in April 2023. This standard was developed using an advisory group to respond to calls for a New Zealand equivalent of the Australian standard for these voluntary assurance engagements.
Issue exposure draft on audit of service performance information	We established a working group comprising of representatives from both the public and not-for-profit sector to ensure that the standard is fit for purpose across all sectors. We issued an exposure draft proposing to revise NZ AS 1 The Audit of Service Performance Information in December 2022. Submissions closed in March 2023. We received three written submissions, together with responses to polling questions at our feedback forum attended by 45 people. We have considered all feedback received and the Standard was issued in July 2023.

 Delivered

 Progressed

 Modified
Performance Measure (continued)
 Delivered

Issue domestic standard, guidance and/or consultation document in accordance with agreed work plan.

Forecast 2022/23**Actual 2022/23**

Issue exposure draft on greenhouse gas assurance engagements

We worked with our advisory panel to develop and then issue an exposure draft of proposed NZ SAE 1 Assurance Engagements over Greenhouse Gas Emissions Disclosures in December 2022, together with FAQs on GHG assurance. Feedback closed in March 2023. We received 16 written submissions, as well as feedback from stakeholders through informal meetings and forums. The Board received mixed views. Considering all feedback received, we are close to finalising the standard and intend to issue the standard together with guidance to support its application in August 2023.

Performance Measure
 Delivered

Due process requirements and policies followed, including legislative consultation requirements and international convergence and harmonisation policies.

Forecast 2022/23**Actual 2022/23**

100% compliance

All standards (and amendments) issued in the year have been subject to appropriate due process through public consultation and key stakeholder engagement as appropriate for the amendments. Feedback has been encouraged through targeted outreach activities. The amendments to PES 1 issued in this financial year comply with the international convergence and harmonisation policy to adopt international auditing and assurance standards unless there are compelling reasons to add New Zealand-specific requirements. The External Reporting Board has adopted all standards issued by the IESBA in the period, as follows:

- Revisions to the Definition of Public Interest Entity. We included compelling reasons to change the definition of 'public interest entity' to make it relevant in the New Zealand context
- Amendments to PES 1: Quality management-related conforming Amendments and other contextual Amendments to the Code
- Amendments to PES 1: Revisions to the definition of Engagement Team and Group Audits
- Amendments to PES 1: Technology-related Revisions.

While we do not have a formal policy to harmonise the ethical requirements with the standards issued by the APESB in Australia, we work closely to minimise differences. There are timing differences between how the two boards work. For example, the APESB issued the Australian non-assurance services standard in December 2022, which the External Reporting Board issued in New Zealand in June 2022. The outcome of our collaboration is that the External Reporting Board is closely harmonised with the APESB requirements.


There were no standards issued by the IAASB in this financial period.

 Delivered

 Progressed

 Modified

Performance Measure

 Delivered


Promote awareness of frameworks, standards and guidance throughout life cycle, from development to implementation.

Forecast 2022/23	Actual 2022/23
<p>Engagement with assurance practitioners, the public sector and the Financial Markets Authority (as appropriate) on the following key projects:</p> <p>Final standards:</p> <p>Group audits Non-assurance services Assurance over Financial Information Prepared in Connection with a Capital Raising (SAE 3450).</p>	<p>The assurance team hosted the following events:</p> <ul style="list-style-type: none"> • ‘Need to Know’ Series: Assurance update in August 2022 with over 100 attendees to promote awareness of quality management, revisions to fees and non-assurance services, group audits and the definition of a public interest entity. • Two virtual feedback forums on shaping GHG assurance held in September 2022 with over 70 attendees. • A virtual feedback forum on the audit evidence exposure draft in November 2022 with 30 attendees. • A virtual, and an in-person, feedback forum on the Audit of Service Performance information in February 2023 with over 50 attendees. • ‘Need to Know’ Series: Assurance update in March 2023 with over 100 attendees to promote awareness of objectivity revisions, SAE 3450, and the exposure drafts of audit evidence, GHG assurance, and the audit of service performance information. <p>The team presented at the annual CA ANZ audit conference to promote awareness of new standards and upcoming projects.</p> <p>Our Audit Technical Reference Group continued to meet this year to provide feedback to the New Zealand IAASB member, prior to each IAASB meeting.</p> <p>We developed a short animation explaining the key terms proposed to be included in the GHG assurance report in May 2023.</p> <p>We published the following guidance:</p> <ul style="list-style-type: none"> • Staff guidance document on non-assurance services prohibitions in July 2022. • FAQs on the deferral of NZ AS 1 in August 2022. • Research on reporting of Key Audit Matters in November 2022. • FAQs on reporting in accordance with amended Orders in Council in November 2022. • Enhancing Audit Quality: Aotearoa New Zealand Auditing Standards – supporting auditors to perform high quality audits in March 2023. • FAQs on audits of group financial statements in April 2023. • Feedback statement on post-implementation review of SAE 3100 (Revised) in April 2023.


 Delivered

 Progressed

 Modified

<p>Performance Measure (continued)  Delivered</p> <p>Promote awareness of frameworks, standards and guidance throughout life cycle, from development to implementation.</p>

Forecast 2022/23	Actual 2022/23
<p>Exposure drafts:</p> <p>Greenhouse gas (GHG) assurance engagements</p> <p>Going concern</p> <p>Audit Evidence</p> <p>Public interest entity definition</p> <p>Audit of Service Performance Information</p>	<p>As a new initiative this year, we published 'Walk-through Webcast' videos which provided a short overview of the exposure drafts on:</p> <ul style="list-style-type: none"> • Audit Evidence • GHG assurance • Audit of Service Performance Information • Going concern.

<p>Performance Measure (continued)  Progressed</p> <p>Promote awareness of frameworks, standards and guidance throughout life cycle, from development to implementation.</p>
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Forecast 2022/23	Actual 2022/23
<p>Engage with assurance practitioners, regulators, directors and users to understand the perspectives of different stakeholder groups on the role of audit in maintaining trust and confidence in Aotearoa New Zealand's reporting, and consider how best to respond to international developments regarding governance and audit quality reforms.</p>	<p>We commenced research in May 2023 into audit committee chairs' perspectives on trust and confidence with the aim of issuing a report later in 2023.</p> <p>In February we made a submission on the Ministry of Business, Innovation and Employment's consultation on assurance over climate-related disclosures, occupational regulation and expanding the scope of assurance.</p>

OUTPUT 4:

Preparing and issuing Climate Standards.

This output is about the work we do in setting climate standards and guidance, including engaging with our stakeholders on climate-related topics.


Outcome impact:

Providing climate reporting entities with a climate-related disclosure framework enables high-quality, consistent and transparent reporting on climate-related risks and opportunities. This in turn supports the allocation of capital towards activities that are consistent with a transition to a low-emissions, climate resilient future.

	2022/23 Actual \$000	2022/23 Budget \$000	2021/22 Actual \$000
Revenue from the Crown	2,519	2,519	3,202
Expenses	(1,914)	(2,399)	(1,679)
Attributed overhead costs	(523)	(589)	(560)
Operating surplus / (deficit)	82	(469)	963


 Delivered  Progressed  Modified

Performance Measure 	
Due process requirements and policies followed, including legislative consultation requirements.	
Forecast 2022/23	Actual 2022/23
100% compliance	In July 2022 we issued exposure drafts of three Aotearoa New Zealand Climate Standards and received 56 formal submissions. In December 2022 we issued and gazetted three Aotearoa New Zealand Climate Standards.


 Delivered

 Progressed


 Modified

<p>Performance Measure  Delivered</p> <p>Standards aligned with international requirements and/or guidance (where appropriate).</p>	
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Forecast 2022/23	Actual 2022/23
Achieved	Aotearoa New Zealand Climate Standards were issued in December 2022. They are aligned with the TCFD recommendations and the ISSB working drafts, with changes made only to ensure the standards are suitable to meet the needs of climate reporting entities in Aotearoa New Zealand. Documents comparing Aotearoa New Zealand Climate Standards to other internationally relevant standards are issued once the final international standards become available. For example, the ISSB's IFRS S1 (sustainability) and IFRS S2 (climate) standards were only issued on 26 June 2023, and a comparison document was issued by the External Reporting Board shortly thereafter.

<p>Performance Measure  Delivered</p> <p>Issue domestic standard, guidance and/or consultation document in accordance with agreed work plan.</p>	
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Forecast 2022/23	Actual 2022/23
Issue exposure drafts of climate-related disclosure framework. Issue climate-related disclosure standards, and accompanying non-mandatory guidance.	In July 2022 we issued exposure drafts of three Aotearoa New Zealand Climate Standards. We also issued for feedback accompanying working drafts of two non-mandatory staff guidance documents (Guidance for All Sectors, and Guidance for MIS Managers). In December 2022 we issued and gazetted three Aotearoa New Zealand Climate Standards. We issued an accompanying all-sectors staff guidance document in May 2023, with several additional guidance documents to be issued in 2023/24.


<p>Performance Measure  Delivered</p> <p>Stakeholders are satisfied with the XRB's engagement in the lead up to and in respect of the exposure draft of the climate-related disclosure framework.</p>	
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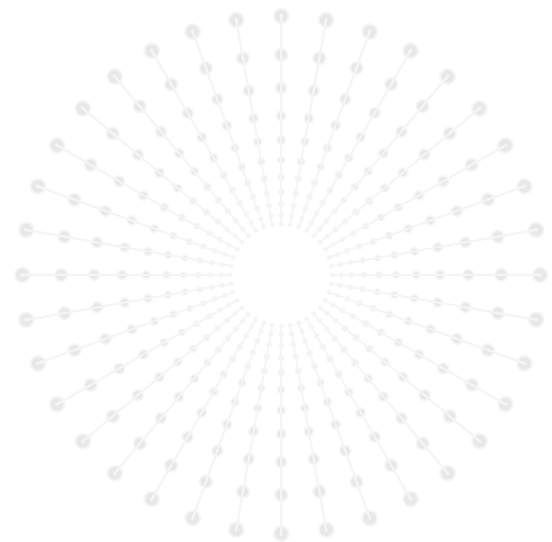
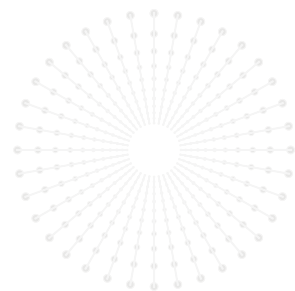
Forecast 2022/23	Actual 2022/23
At least 75% of respondents to the survey agree or strongly agree.	84% of users of climate standards who responded to our 2023 stakeholder survey agreed that the External Reporting Board consulted appropriately before issuing the climate standards, and 92% understood how and when to make a submission on draft standards. Other engagement also received positive commentary. For example Deep dive events achieved satisfaction rates of 90% and above.

 Delivered

 Progressed

 Modified

Performance Measure 	
Promote awareness of frameworks, standards and guidance throughout life cycle, from development to implementation.	
Forecast 2022/23	Actual 2022/23
<p>Engagement with primary users, climate reporting entities, relevant government and regulatory agencies, and service providers about:</p> <ul style="list-style-type: none"> Climate-related disclosure exposure draft Climate-related disclosure framework Accompanying non-mandatory guidance. 	<p>We participated in approximately 250 external engagements as part of an extensive outreach programme on climate-related disclosures. This includes over 350 people joining us for the launch of the exposure drafts and working drafts of the staff guidance in July 2022, approximately 50 speaking engagements with more than 4,500 attendees and four 'deep dive' events with over 500 attendees in total.</p>



OUTPUT 5:**Liaise with and influence international bodies through participation in meetings and making of submissions**

This output is about the activities we undertake to harmonise standards with Australia, and influence the work of the international boards during the appropriate stages of standards development to ensure high-quality global standards that are both applicable in New Zealand and in the public interest.

Copies of all our submissions can be found here: <https://www.xrb.govt.nz/submissions/>

Outcome impact:

By influencing the work of international standard setting boards, we ensure global standards are relevant in a New Zealand context and align with our regulatory and legislative environment. For entities, this ensures high levels of trust and confidence are maintained and that relevant New Zealand entities have access to capital and can compete in global markets.


	2022/23 Actual \$000	2022/23 Budget \$000	2021/22 Actual \$000
Revenue from the Crown	1,204	1,204	1,261
Expenses	(1,408)	(1,058)	(338)
Attributed overhead costs	(231)	(260)	(220)
Operating surplus / (deficit)	(435)	(114)	703

 Delivered

 Progressed

 Modified
Performance Measure

Maintain membership of international boards.

 Delivered

Maintain Aotearoa New Zealand membership and participation with appropriate boards including the following:


Forecast 2022/23	Actual 2022/23
International Public Sector Accounting Standards Board (IPSASB)	New Zealand continued to hold a seat on the IPSASB for the year and was supported by the External Reporting Board. The New Zealand representative, Todd Beardsworth, participated in the Revenue and Transfer Expenses Working Group and was a member of the Measurement Task Working Group.
International Auditing and Assurance Standards Board (IAASB)	Greg Schollum has been appointed to the IAASB from 1 January 2023 following the completion of a six-year membership by Lyn Provost. Greg has been appointed as a member of the Going Concern and Audit Evidence Task Forces.

 Delivered

 Progressed

 Modified

Performance Measure (continued)


 Delivered

Maintain membership of international boards.

Maintain Aotearoa New Zealand membership and participation with appropriate boards including the following:

Forecast 2022/23	Actual 2022/23
Australian Accounting Standards Board (AASB)	Chair of the NZASB has been cross-appointed to the AASB. This appointment promotes trans-Tasman harmonisation of accounting standards and cooperation on projects of mutual interest.
Australian Auditing and Assurance Standards Board (AUASB)	Chair of the NZAuASB has been cross-appointed to the AUASB. This appointment promotes trans-Tasman harmonisation of auditing and assurance standards and cooperation on projects of mutual interest.
Australian Financial Reporting Council (FRC)	The Chair of the External Reporting Board has been cross-appointed to the Australian FRC (with the Chair of the Australian FRC also a member of the External Reporting Board). As with the cross-appointments for the AASB and AUASB, this appointment promotes trans-Tasman harmonisation, focusing on issues of strategic relevance for Australasian standard setting.

Performance Measure

 Delivered

Participate in relevant international boards, working groups and task forces.

Forecast 2022/23	Actual 2022/23
Support the New Zealand IPSASB member on the Revenue and Transfer Expenses Drafting Group.	The New Zealand IPSASB member has participated in the Revenue and Transfer Expense Drafting Group meetings during the period and has been supported by staff of the External Reporting Board. This led to the approval of new standards on these topics in March 2023.
Maintain strong working relationship with board members and staff of the International Ethics Standards Board for Accountants (IESBA).	A key focus on our work with IESBA has been on promoting the idea of profession-agnostic standards in the context of sustainability assurance. We did this through: <ul style="list-style-type: none"> meeting with the IESBA Chair and staff to discuss our learnings from our work on the GHG assurance project writing a joint letter with the Accounting Professional & Ethical Standards Board (APESB) to encourage the IESBA to consult widely in developing requirements - this contributed to shaping the developing project plan for this work The NZAuASB Chair and the Assurance Directors participated at the IESBA Sydney roundtable discussions.

 Delivered

 Progressed

 Modified
Performance Measure (continued)
 Delivered

Participate in relevant international boards, regional groupings, working groups and task forces.

Forecast 2022/23	Actual 2022/23
<p>Participate in meetings of:</p> <ul style="list-style-type: none"> National Standard Setters (NSS) The International Forum of Accounting Standards Setters (IFASS) The Asian Oceanian Standard Setters Group (AOSSG) 	<p>The Chief Executive, Chair of the NZASB, and accounting team staff attended various meetings (virtually and in-person) with NSS, IFASS, IASB, IPSASB, and AOSSG during the year.</p> <p>Attendance and participation at these meetings allowed for New Zealand-specific concerns (and solutions) to be shared to support the development of international accounting standards that will be domestically supported.</p> <p>The Chair of the NZAuASB and Director of Assurance participated at both the virtual ethics and the assurance standard setters meetings held in June 2023. The Chair facilitated introductions and meetings between global standard setters to enable the development of profession-agnostic standards. The Chair also participated on the IAASB's sustainability assurance reference group to provide feedback from the perspective of an expert outside of the profession.</p> <p>The External Reporting Board has also joined the AOSSG's Working Group for IFRS Sustainability Disclosure Standards and the UK Transition Plan Taskforce's Adaptation Working Group. These forums allow an opportunity to influence international thinking in sustainability standard setting and to learn from the perspectives of other jurisdictions to incorporate into our work.</p> <p>We funded a research project on intangibles by a team led by Professor Tom Scott (Auckland University of Technology). The research, which has been submitted to the IASB, provides insights into recognised and unrecognised intangible asset reporting in New Zealand, using data from listed companies on the New Zealand Stock Exchange.</p> <p>We have funded a research project on materiality by a team led by Associate Professor Nives Botica-Redmayne (Massey University). This should provide insights into how the IASB's requirements and guidance on materiality are applied, using data from listed companies on the New Zealand Stock Exchange. The research is underway and will be completed in the next financial year.</p>
<p>Share learnings from our climate-related disclosures work with the International Sustainability Standards Board (ISSB).</p>	<p>We have engaged directly with ISSB board members, including the Vice Chair, Sue Lloyd, and Professor Richard Barker, on strategic matters relating to the content of, and international alignment with, ISSB standards. Several technical discussions have been held, both in person and online, with ISSB staff on topics relating to climate-related disclosures, including greenhouse gas emissions accounting and scenario analysis.</p> <p>We also attended ISSB events to share learnings. For example, we attended the inaugural IFRS Sustainability Symposium in February 2023 where we met with ISSB Board and technical staff, and established relationships with other jurisdiction-level sustainability standard setters to share our perspectives and improve international alignment.</p> <p>The External Reporting Board hosted the Asia-Pacific Climate Reporting Summit in May 2023. This provided an opportunity to share learnings with the ISSB and other jurisdictions in the region.</p>


 Delivered

 Progressed

 Modified

Performance Measure  Delivered	
Submissions on international consultation documents that are relevant to Aotearoa New Zealand.	
Forecast 2022/23	Actual 2022/23
IPSASB CP: Natural Resources	<p>Our October 2022 submission promoted the view that the natural resources project should not be progressed further at this time, due to the inherent difficulties in recognising natural resources on a government’s balance sheet.</p> <p>We consider the IPSASB’s efforts would be better spent on putting in place the enablers required to take the Advancing Public Sector Sustainability Reporting project forward first.</p>
IPSASB ED: Concessionary Leases	<p>Our May 2023 submission disagreed with the proposals. We argued that the proposals do not meet user needs, resolve public financial management issues, or align with conceptual rationale for accounting for concessionary leases in the public sector. We recommended that the IPSASB should instead develop guidance materials or allow entities to recognise concessionary leases at cost with additional disclosures.</p>
IASB ED: Third edition of the IFRS for SMEs Accounting Standard	<p>The IFRS for SMEs Accounting Standard is not part of the New Zealand Accounting Standards Framework. However, the concept of ‘public accountability’ is used in our framework as defined by this proposed Standard. Our submission in February 2023 included suggestions to help improve the clarity of the proposed amendments to the definition of public accountability – which is important for determining whether a New Zealand entity has Tier 1 reporting requirements.</p>
IAASB’s proposed International Standard on Auditing (ISA) 500 (Revised) Audit Evidence	<p>Our submission in April 2023 expressed support for the proposals while noting the proposals do not fully address changes in technology. We encouraged the IAASB to expedite updating other specified standards to take into account changes related to technology.</p>
IAASB’s proposed ISA 570 (Revised 202x) Going Concern	<p>The ED was published by the IAASB in May 2023 and work is underway to obtain New Zealand views. Submissions are due in August 2023.</p>
IAASB’s proposed narrow scope amendments to ISA 700 (Revised) and ISA 260 (Revised) to operationalise the IESBA transparency requirement in the code.	<p>Our submission in October 2022 acknowledged that the auditor’s report is the most appropriate mechanism to operationalise the IESBA’s transparency requirement. However, we raised concerns that these revisions may be of limited value to users.</p>

 Delivered

 Progressed

 Modified

Performance Measure (continued)
 Delivered

Submissions on international consultation documents that are relevant to Aotearoa New Zealand.

Forecast 2022/23
Actual 2022/23

IAASB Strategy and Work Plan 2024-2027 Consultation Paper

Our submission in April 2023 expressed overall support for the proposed strategy and work plan. We noted however that there are significant challenges ahead to achieving these proposals. This includes the development of profession-agnostic sustainability assurance standards. Our submission also highlighted the value of implementation support to achieve consistent application of new or revised standards in light of the volume and pace of change.


Strategy and work plan (IESBA)

IESBA Strategy Survey 2022 – submissions July 2022
 IESBA Strategy and Work Plan 2024-2027 Consultation Paper – Submission June 2023. Our submissions expressed overall support for the proposed strategy and work plan. For the sustainability projects identified in its SWP 2024-27 the XRB encourage the IESBA to consult widely, be inclusive in its standard setting process and clearly articulate what profession-agnostic standards means.

 Delivered

 Progressed

 Modified

Performance Measure (continued)
 Delivered

Participate in relevant international boards, regional groupings, working groups and task forces.

Forecast 2022/23
Actual 2022/23

International Sustainability Standards Board exposure drafts

In July 2022 we submitted to the ISSB on its sustainability (IFRS S1) and climate-related disclosures (IFRS S2) exposure drafts. We reiterated our support for the development of high-quality global sustainability disclosure standards but stated our view that both standards could be improved by taking a more principles-based approach to achieve its goal of acting as a global baseline for disclosure. We also made specific points relating to the technical elements of each draft standard.

11. Standards gazetted 2022/23

Accounting standards and amending standards gazetted

Title	Description	Date issued
Reporting Requirements for Tier 3 not-for-profit entities and Tier 3 Public Sector Entities	This standard enhances financial reporting by Tier 3 not-for-profit public benefit entities by setting out simple format accrual-based reporting requirements that promote the provision of useful, transparent and comparable information in Tier 3 performance reports. This standard, when applied, supersedes Public Benefit Entity Simple Format Reporting - Accrual (not-for-profit).	May 2023
Reporting Requirements for Tier 4 not-for-profit Entities and Tier 4 Public Sector Entities	This standard enhances financial reporting by Tier 4 not-for-profit public benefit entities by setting out simple format cash-based reporting requirements that promote the provision of useful, transparent, and comparable information in Tier 4 performance reports. This standard, when applied, supersedes Public Benefit Entity Simple Format Reporting – Cash (not-for-profit).	May 2023
Disclosure of Fees for Audit Firms' Services (Amendments to FRS-44)	The amendments to FRS-44 New Zealand Additional Disclosures aim to address concerns about the quality and consistency of disclosures an entity provides about fees paid to its audit or review firm for different types of services.	May 2023
Disclosure of Fees for Audit Firms' Services (Amendments to PBE IPSAS 1)	The amendments to PBE IPSAS 1 Presentation of Financial Reports aim to address concerns about the quality and consistency of disclosures an entity provides about fees paid to its audit or review firm for different types of services.	May 2023
Non-current Liabilities with Covenants	The amendments to NZ IAS 1 Presentation of Financial Statements clarify how covenants with which an entity must comply within 12 months after the reporting period affect the classification of a liability, addressing concerns from stakeholders. The amendments also improve the information an entity provides when its right to defer settlement of a liability for at least 12 months is subject to compliance with covenants.	May 2023

Table continued

Title	Description	Date issued
Insurance Contracts in the Public Sector	The amending standard introduced accounting requirements for public sector entities that issue insurance contracts. The amendments result in the public sector accounting requirements being aligned with IFRS 17 Insurance Contracts, together with appropriate amendments to reflect the public sector context.	June 2023
Public Sector Specific Financial Instruments (Non-Authoritative Amendments to PBE IPSAS 41)	These amendments incorporate the Non-Authoritative Amendments to IPSAS 41, Financial Instruments issued by IPSASB in November 2020 (as determined by application of the PBE Policy Approach). Amends PBE IPSAS 41 Financial Instruments.	August 2022
Lease Liability in a Sale and Leaseback	The amendments to NZ IFRS 16 Leases add requirements explaining how an entity accounts for a sale and leaseback after the date of the transaction.	November 2022

Assurance standards and amending standards gazetted 2022/23

Title	Description	Date issued
Amendments to Auditing and Review Engagement Standards as a Result of the Revisions to Financial Reporting Standard Statements	This standard aligns the Auditing and Review Engagement Standards with recent revisions to the financial reporting standards.	May 2023
Amendments to Professional and Ethical Standard 1: Revisions to the definition of Engagement Team and Group Audits	This standard has been issued to reflect the amendments necessary to Professional and Ethical Standard 1 as a result of the updated definition of engagement team and group audits.	June 2023
Amendments to Professional and Ethical Standard 1: Technology-related Revisions	This standard has been issued to reflect the amendments necessary to Professional and Ethical Standard 1 as a result of technology related revisions to the International Code of Ethics for Professional Accountants (including International Independence Standards).	June 2023

Table continued

Title	Description	Date issued
Amendments to Professional and Ethical Standard 1: Quality management-related conforming amendments, and other contextual amendments to the Code	This standard has been issued as a result of changes to the International Code of Ethics for Professional Accountants (including International Independence Standards).	August 2022
Amendments to Professional and Ethical Standard 1: Revisions to the definition of a public interest entity	This standard has been issued as a result of changes to the International Code of Ethics for Professional Accountants (including International Independence Standards).	November 2022
SAE 3450 Assurance Over Financial Information Prepared in Connection with a Capital Raising	A domestic standard dealing with the assurance practitioner's responsibilities when engaged to perform, and report on, an assurance engagement in connection with an offering.	December 2022

Climate standards and amending standards gazetted 2022/23

Title	Description	Date issued
Aotearoa New Zealand Climate Standard 1: Climate-related Disclosures (NZ CS 1)	In providing a consistent framework for entities to consider the climate-related risks and climate-related opportunities that climate change presents for their activities over the short, medium and long term, the objective of this Standard is to enable primary users to assess the merits of how entities are considering those risks and opportunities, and then make decisions based on these assessments.	December 2022
Aotearoa New Zealand Climate Standard 2: Adoption of Aotearoa New Zealand Climate Standards (NZ CS 2)	In recognition that it may take time to develop the capability to produce high-quality climate-related disclosures, and that some disclosure requirements, by their nature, may require an exemption, this Standard provides a limited number of adoption provisions from the disclosure requirements in Aotearoa New Zealand Climate Standards.	December 2022
Aotearoa New Zealand Climate Standard 3: General Requirements for Climate-related Disclosures (NZ CS 3)	The objective of this Standard is to establish principles and general requirements to enable the provision of high-quality climate-related disclosures.	December 2022

Te tauaki noho haepapa

12. 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.

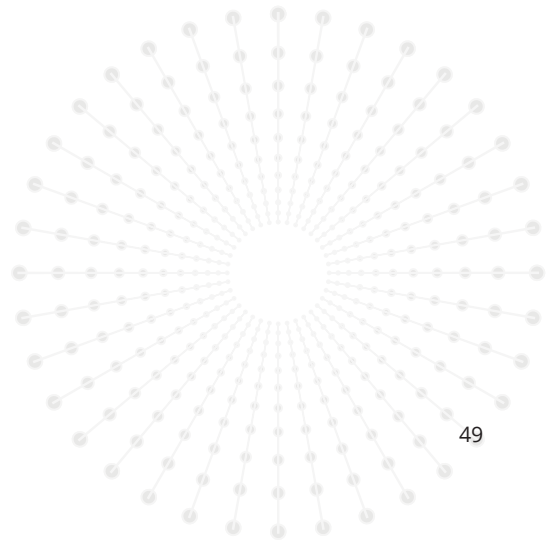
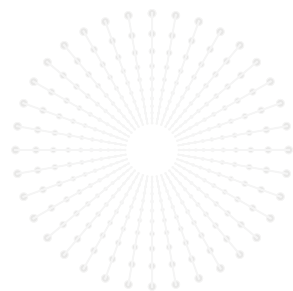
In the Board's opinion, these financial statements and Statement of Performance fairly reflect the financial position and operations of the External Reporting Board for the year ended 30 June 2023.

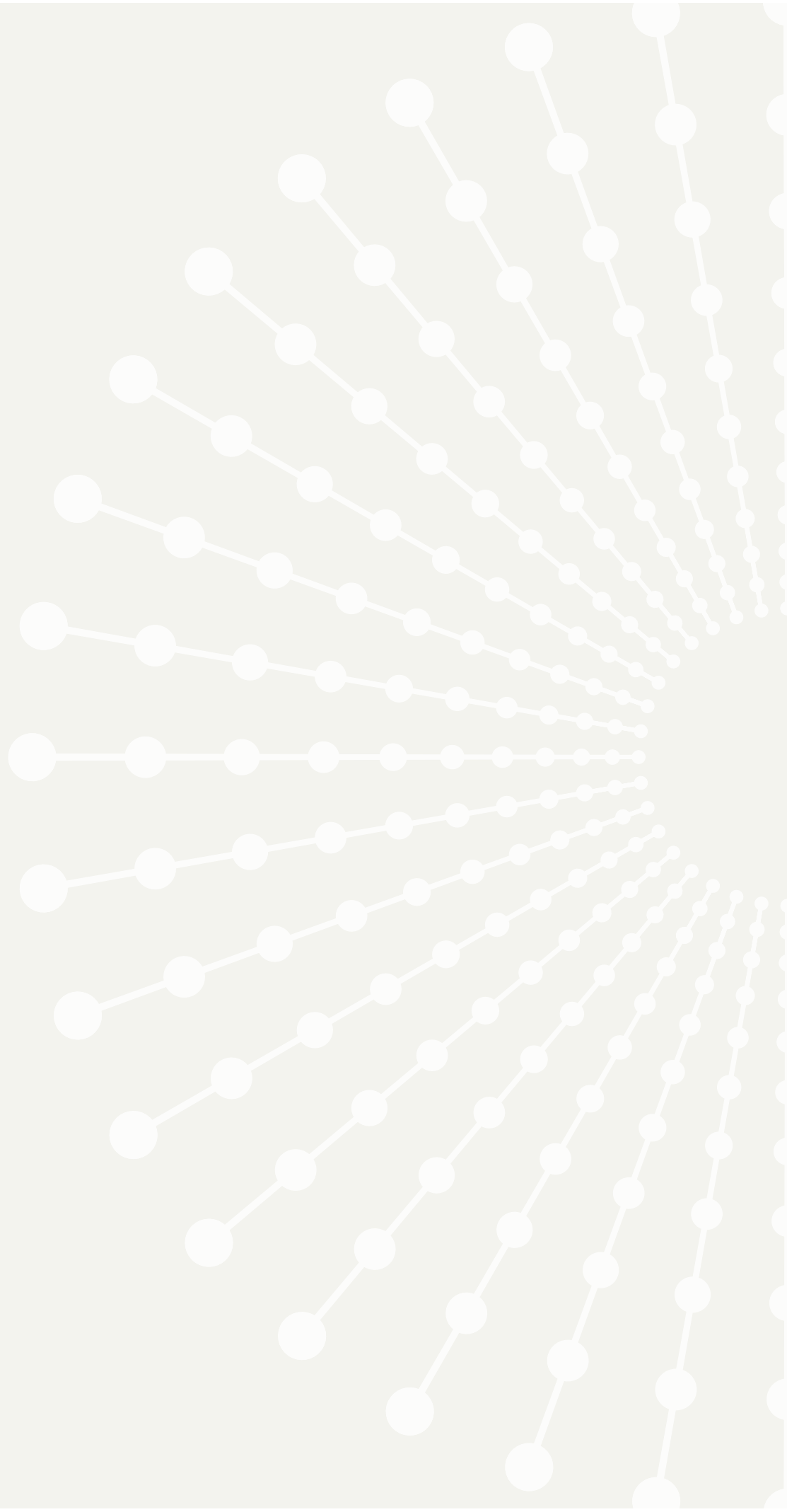


Michele Embling
Chair



Jane Taylor
Deputy Chair





Ngā tauākī pūtea

Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

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Te tauaki whiwhinga, whakapaunga whānui

Statement of comprehensive revenue and expenses

For the year ended 30 June

	Notes	Actual 2023 \$000	Budget 2023 ⁽¹⁾ \$000	Actual 2022 \$000
Funding from the Crown (Revenue from non-exchange transactions)	5	8,627	8,627	8,581
Interest revenue	5	193	25	29
Total revenue	5	8,820	8,652	8,610
Personnel costs ⁽²⁾	6, 27	(5,045)	(6,062)	(4,256)
Fees to board members (meeting fees and project fees)	7, 8, 27	(764)	(1,069)	(801)
Travel	27	(616)	(713)	(129)
International contributions	27	(765)	(538)	(291)
Depreciation, amortisation and impairment	12, 13	(68)	(89)	(58)
General operating costs ⁽²⁾	9, 27	(1,356)	(1,300)	(893)
Total expenses		(8,614)	(9,771)	(6,428)
Net surplus / (deficit) for the year		206	(1,119)	2,182
Total comprehensive revenue and expenses		206	(1,119)	2,182

⁽¹⁾ Budget figures are unaudited.

⁽²⁾ Comparatives have been reclassified to align with presentation in the current year.

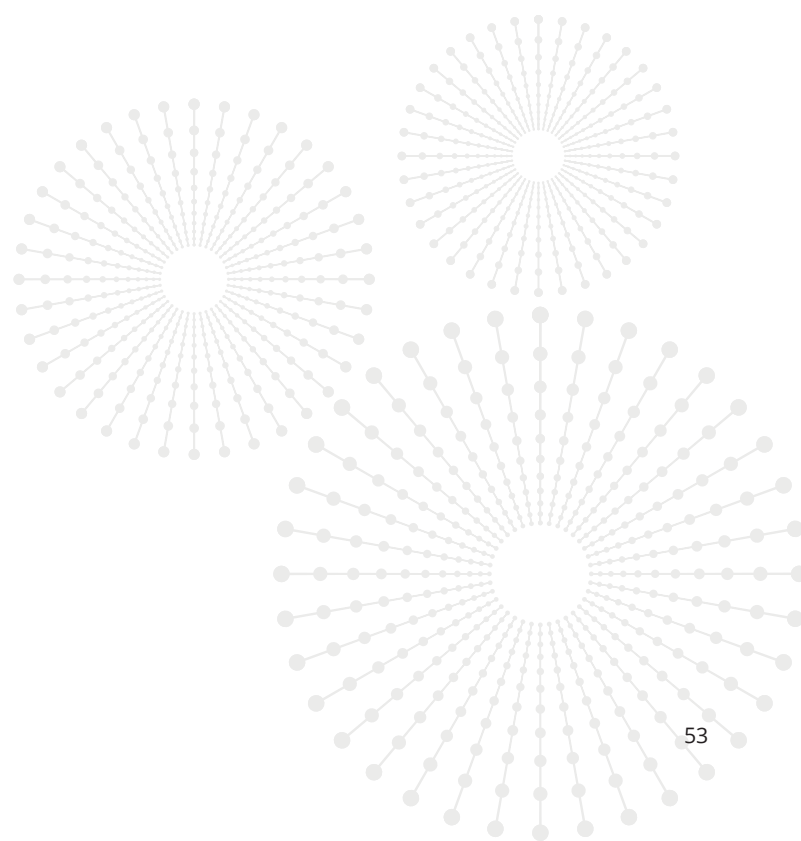
Explanations of major variances to budget are provided in Note 27. The notes to the financial statements, which includes accounting policies, form part of, and are to be read in conjunction with, these financial statements.

Te tauaki nekeneke tūtanga

Statement of changes in equity

For the year ended 30 June

	Contributed capital \$000	Accumulated revenue and expenses \$000	Total equity \$000
Balance at 1 July 2022	725	4,674	5,399
Total comprehensive revenue and expenses	-	206	206
Balance at 30 June 2023	725	4,880	5,605



Te tauaki tūnga pūtea

Statement of financial position

As at 30 June

	Notes	Actual 2023 \$000	Budget 2023 ⁽¹⁾ \$000	Actual 2022 \$000
Assets				
Current assets				
Cash and cash equivalents	10	555	612	411
Receivables and prepayments	14	127	58	75
Investments	11, 27	5,493	3,960	5,318
Total current assets		6,175	4,630	5,804
Non-current assets				
Property, plant & equipment	12	109	221	158
Intangible assets	13	13	6	25
Total non-current assets		122	227	183
Total assets		6,297	4,857	5,987
Liabilities				
Current liabilities				
Payables and accruals	15	(450)	(329)	(401)
Employee entitlements	16	(222)	(387)	(167)
Provisions	17	(20)	-	-
Total current liabilities		(692)	(716)	(568)
Non-current liabilities				
Provisions	17	-	(25)	(20)
Total non-current liabilities		-	(25)	(20)
Total liabilities		(692)	(741)	(588)
Net assets				
Equity				
Contributed capital		725	725	725
Accumulated surplus		4,880	3,391	4,674
Total equity		5,605	4,116	5,399

⁽¹⁾ Budget figures are unaudited.

Explanations of major variances to budget are provided in Note 27. The notes to the financial statements, which includes accounting policies, form part of, and are to be read in conjunction with, these financial statements.

Te tauaki kapewhiti

Statement of cash flows

For the year ended 30 June

	Actual 2023 \$000	Budget 2023 ⁽¹⁾ \$000	Actual 2022 \$000
Cash flows from operating activities			
Receipts from the Crown	8,627	8,627	8,573
Interest from investments	193	21	21
Payments to personnel	(4,990)	(5,274)	(4,381)
Payments to suppliers	(2,693)	(3,726)	(1,626)
International contributions	(765)	(538)	(291)
Goods and services tax (net)	2	-	(3)
Net cash flows from operating activities	374	(890)	2,293
Cash flows from investing activities			
Proceeds from sale of property, plant & equipment	-	-	1
Investments	(175)	1,321	(4,062)
Purchase of property, plant & equipment	(55)	(135)	(46)
Net cash flows from investing activities	(230)	1,186	(4,107)
Net increase/(decrease) in cash and cash equivalents	144	296	(1,814)
Cash and cash equivalents at the beginning of the year	411	316	2,225
Cash and cash equivalents at end of the year	555	612	411

⁽¹⁾ Budget figures are unaudited.

Explanations of major variances to budget are provided in Note 27. The notes to the financial statements, which includes accounting policies, form part of, and are to be read in conjunction with, these financial statements.

Ngā whakamārama mō ngā tauaki pūtea

Notes to the financial statements

For the year ended 30 June

1. Reporting entity and basis of preparation

The External Reporting Board 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 External Reporting Board is an independent Crown entity under the Crown Entities Act 2004. We are responsible under the Financial Reporting Act 2013 for preparing and issuing accounting, auditing and assurance, and climate standards and the issue of non-binding guidance on a wider range of environmental, social and governance (ESG) and other non-financial matters.

Due to the level of total expenses we are classified as a Tier 2 entity. Our financial statements have been prepared in accordance with PBE accounting standards. The financial statements are for the year ended 30 June 2023 and were approved by the XRB Board on 19 September 2023.

Statement of compliance

Our financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with the Public Benefit Entity Standards Reduced Disclosure Regime as appropriate for Tier 2 public benefit entities. Specific disclosures required under section 152 of the Crown Entities Act 2004 are disclosed in the notes to the financial statements.

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

- The External Reporting Board did not undertake any transactions that were in breach of statute.

Measurement, presentation currency and rounding

The financial statements have been prepared on a historic cost basis and are presented in New Zealand dollars rounded to the nearest thousand dollars (\$000), except where otherwise stated.

2. Summary of significant accounting policies

Significant accounting policies are included in the notes to which they relate. Significant accounting policies that do not have a specific note are outlined below. Certain comparatives have been reclassified to align with presentation in the current year.

Going concern

The financial statements have been prepared on a going concern basis.

Budget figures

The budget figures are derived from the Statement of Performance Expectations as approved by the XRB Board on 26 April 2022.

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

Income Tax

The External Reporting Board is a public authority, and consequently is exempt from the payment of income tax under the Income Tax Act 2007. Accordingly, no provision has been made for income tax.

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.

3. Use of judgements and estimates

In preparing these financial statements we have made estimates and assumptions concerning the future. These estimates and assumptions may differ from actual results but neither are regarded as being significant.

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

4. Changes in accounting policies

All accounting policies detailed in these notes have been applied consistently to all periods presented in the financial statements.

PBE IPSAS 41 Financial Instruments is effective from 1 January 2022 and was adopted on that date. This standard has not had a material impact on External Reporting Board's measurement, recognition or disclosure of financial instruments.

5. Revenue

For the year ended 30 June	Actual 2023 \$000	Actual 2022 \$000
Funding from the Crown	8,627	8,581
Interest revenue	193	29
Total revenue	8,820	8,610

We are primarily funded through revenue received from the Crown. The use of these funds is restricted for the purpose of meeting the External Reporting Board's objectives as specified in the Statement of Intent.

We consider 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 revenue is earned on investments and is recognised in the period to which it relates using the effective interest method.

6. Personnel costs

For the year ended 30 June	Actual 2023 \$000	Actual 2022 \$000
Salaries and contractors	4,689	3,935
Contributions to defined contribution plans	126	98
Increase in annual leave provision	55	45
Other personnel costs	175	178
Total personnel costs	5,045	4,256

Employee entitlements for salaries and wages, annual leave and other similar benefits are recognised as expenditure and liabilities when they accrue to employees. Contributions to defined contribution plans are contributions to KiwiSaver.

7. 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 (2022: None). The External Reporting Board has directors' and officers' liability and professional indemnity insurance cover in respect of the liability or costs of Board members and employees.

XRB Board	Actual 2023 \$	Actual 2022 \$
Michael Bradbury	21,280	30,927
Jacqueline Cheyne	27,075	24,324
Michele Embling – Chair	88,707	93,527
Julia Fink	27,779	35,271
John Kensington	20,995	24,499
Andrew Mills - Australian FRC (non-remunerated role)	-	-
Sheree Ryan	22,040	-
Jane Taylor - Deputy Chair	23,220	26,000
Fergus Welsh (non-remunerated role)	-	-
Total Board fees	231,096	234,548

Member fees vary in some instances where board members were involved with advisory groups and other projects.

Climate and Ngā pou o te kawa ora projects	Actual 2023 \$	Actual 2022 \$
Jacqueline Cheyne	10,620	27,896
Michele Embling	38,508	47,666
Julia Fink	6,746	-
Sheree Ryan	10,450	-
Jane Taylor	4,838	18,145
Total project fees	71,162	93,707

8. Technical standards board remuneration

We have two technical standards boards – the New Zealand Accounting Standards Board (NZASB) and the New Zealand Auditing and Assurance Standards 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.

NZASB	Actual 2023 \$	Actual 2022 \$
Michael Bradbury – Deputy Chair	25,080	26,758
Francis Caetano	20,676	22,588
Carolyn Cordery - Chair	112,860	107,120
Denise Hodgkins	17,375	23,630
Keith Kendall – AASB (non-remunerated role)	-	-
Richard Perry	17,433	21,893
Nives Botica-Redmayne (retired)	-	13,162
Richard Smyth	19,587	23,630
Jason Stinchcombe	16,854	21,545
Lara Truman	16,680	-
Warwick White (non-remunerated role)	-	-
Total technical standards board fees - NZASB	246,545	260,326

NZAuASB	Actual 2023 \$	Actual 2022 \$
Robert Buchanan (retired Chair)	-	75,632
Clyde D'Souza (retired)	-	19,460
Bill Edge - AUASB (non-remunerated role)	-	-
Mark Maloney (non-remunerated role in 2023)	-	20,155
David Hay	14,595	19,460
John Kensington – Deputy Chair	22,055	19,808
Richard Kirkland	17,375	-
Ian Marshall (retired)	-	3,435
Marje Russ - Chair	124,830	37,297
Vasana Vanpraseuth	18,765	17,375
Wendy Venter	18,070	-
Total technical standards board fees - NZAuASB	215,690	212,622

9. General operating costs

For the year ended 30 June	Actual 2023 \$000	Actual 2022 \$000
Auditor fees for external audit	41	44
Loss on disposal/impairment of fixed assets	49	-
Operating lease expenses	200	146
ICT costs	222	228
Professional fees	542	281
Other operating expenses	302	194
Total general operating costs	1,356	893

Professional fees includes the work for external contractors on Ngā pou o te kawa ora.

10. Cash and cash equivalents

For the year ended 30 June	Actual 2023 \$000	Actual 2022 \$000
Cash on hand	4	4
Cash in current account	149	79
Cash on call	402	328
Total cash and cash equivalents	555	411

There are no restrictions over any of the cash and cash equivalents.

11. Investments

Investments	Rate	Maturity between	Actual 2023 \$000	Actual 2022 \$000
BNZ Term deposits	4.50% to 5.55%	July 2023 to Dec 2023	5,493	-
BNZ Term deposits	1.05% to 2.20%	July 2022 to Nov 2022	-	5,318
Total investments			5,493	5,318

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.

12. Property, plant and equipment

\$000	Furniture and Fittings	Plant and Equipment	Property Improvements	Computer Equipment	Total
Cost					
Opening Balance	202	17	225	251	695
Additions	-	-	-	55	55
Disposals/Impairment	(33)	-	(225)	(30)	(288)
Closing Balance	169	17	-	276	462
Accumulated Depreciation					
Opening Balance	140	16	166	215	537
Depreciation	9	1	14	32	56
Disposals/Impairment	(30)	-	(180)	(30)	(240)
Closing Balance	119	17	-	217	353
Carrying Amounts					
At 30 June 2023	50	-	-	59	109
At 30 June 2022	62	1	59	36	158

Property, plant and equipment consist of the following asset classes: computer equipment, furniture and fittings, plant and equipment and property 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 External Reporting Board 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 statement of comprehensive revenue and expenses.

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 depreciation rates of each asset class have been estimated as follows:

- » Computer equipment - 40% (2022: 40%)
- » Furniture and fittings - 10.5% (2022: 10.5%)
- » Plant and equipment - 30% (2022: 30%)
- » Property improvements - 7% (2022: 7%)

Impairment

Property, plant and equipment that have finite useful lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the statement of comprehensive revenue and expenses whenever the carrying amount of an asset exceeds its recoverable amount. Impairment this year relates to our planned move to a new Wellington office in September 2023.

13. Intangible assets

\$000	Computer Software	Website	Total
Cost			
Opening Balance	65	276	341
Additions	-	-	-
Disposals	(48)	(242)	(290)
Closing Balance	17	34	51
Accumulated Amortisation			
Opening Balance	60	256	316
Amortisation	3	9	12
Disposals	(48)	(242)	(290)
Closing Balance	15	23	38
Carrying Amounts			
At 30 June 2023	2	11	13
At 30 June 2022	5	20	25

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 our 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 charges for each financial year is recognised in the statement of comprehensive revenue and expenses. The value of additions made to an existing asset are amortised over the remaining useful life of the existing asset, where these do not enhance the useful life of the existing asset.

The amortisation rates of each asset class are estimated as follows:

- » Computer software - 40% (2022: 40%)
- » Website - 25% (2022: 25%)

Disposals

During the year historic website development costs and software which is no longer used were disposed of from the asset register. All disposed assets had a net book value of zero (2022: None).

14. Receivables and prepayments

As at 30 June	Actual 2023 \$000	Actual 2022 \$000
Other receivables	16	16
Prepayments	74	20
GST receivable	37	39
Total receivables and prepayments	127	75

Short-term receivables are recorded at the amount due, less an allowance for impairment. These receivables are written off when there is no reasonable expectation of recovery. There is one amount for \$16,000 that is overdue but not impaired (2022: None).

15. Payables and accruals

As at 30 June	Actual 2023 \$000	Actual 2022 \$000
Payables	220	269
Accruals	230	132
Total payables and accruals	450	401

Short-term payables and accruals are recorded at their face value as they are non-interest bearing and are generally settled within 30 days.

16. Employee entitlements

As at 30 June	Actual 2023 \$000	Actual 2022 \$000
Holiday pay accrual	222	167
Total employee entitlements	222	167

Employee benefits

Employee benefits that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay. This is 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 statement of comprehensive revenue and expenses as incurred.

17. Provisions

As at 30 June	Actual 2023 \$000	Actual 2022 \$000
Provision for make good of office premises	20	20
Total provisions	20	20

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.

The expected timing of the outflow is within six months of reporting date but the exact timing and amount is uncertain. This provision will be required to make good the Wellington office.

This provision was non-current in 2022 and current in 2023.

18. Operating lease commitments

As at 30 June	Actual 2023 \$000	Actual 2022 \$000
Up to one year	229	167
Between two and five years	705	-
After five years	418	-
Total operating lease commitments	1,352	167

The External Reporting Board has entered into the following non-cancellable lease agreements:

The lease of premises at 50 Manners Street, Wellington has been renewed until 30 September 2023 and will finish on this date. A new lease at 154 Featherston Street, Wellington will commence on 1 September 2023 (expires 31 August 2030).

We have also changed premises in Christchurch moving from a shared office space at 6 Hazeldean Road, Addington, Christchurch (lease expired 30 June 2023) and commenced a new lease at 47 Salisbury Street, Christchurch (from 19 June 2023 expiring 30 June 2024).

Premises in Auckland remain on a cancellable month by month lease.

Leases that do not transfer substantial risks and rewards incidental to ownership of the asset to the External Reporting Board, are classified as operating leases. Payments are therefore recognised as an expense on a straight-line basis over the term of the lease in the Statement of comprehensive revenue and expenses.

19. Financial Instruments

We are party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short term deposits, receivables, and payables. All financial instruments are recognised in the Statement of financial position and all revenues and expenses in relation to financial instruments are recognised in the Statement of comprehensive revenue and expenses.

All financial assets and financial liabilities are measured at amortised cost.

20. Employee remuneration

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

Remuneration Range	Actual 2023	Actual 2022
\$100,000 - \$109,999	1	0
\$110,000 - \$119,999	1	1
\$120,000 - \$129,999	1	2
\$130,000 - \$139,999	3	1
\$140,000 - \$149,999	0	1
\$150,000 - \$159,999	0	2
\$160,000 - \$169,999	1	1
\$170,000 - \$179,999	1	1
\$180,000 - \$189,999	3	1
\$190,000 - \$199,999	2	1
\$200,000 - \$209,999	2	2
\$240,000 - \$249,999	1	0
\$280,000 - \$289,999	0	1
\$320,000 - \$329,999	1	0
Total	17	14

21. Related party transactions and key management personnel

All related party transactions have been entered into on an arm's length basis. This included Michael Bradbury (XRB board member) receiving \$7,500 during the year for a research project (2022: None).

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 the External Reporting Board 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

For the year ended 30 June	Actual 2023	Actual 2022
XRB Board meeting fees (remuneration to XRB Board members) (\$000)	305	328
Full time equivalent members	0.80	0.74
Salaries and other short-term employee benefits (\$000)	1,474	1,443
Full time equivalent employees	6.08	6.00
Total key management personnel compensation (\$000)	1,779	1,771

Key management personnel include the XRB Board, the Chief Executive and direct reports to the Chief Executive. 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 (2022: None).

22. 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 2023 no severance payments were made to employees (2022: \$113,000).

23. Indemnity insurance

We have professional indemnity insurance cover during the financial year of \$1,000,000 (2022: \$1,000,000), in respect of the liability or costs of Board members or employees.

24. Capital commitments

We have no capital commitments at 30 June 2023. (2022: None)

25. Contingencies

There are no material contingent assets or contingent liabilities to report. (2022: None)

26. Events after the reporting period

No adjusting or non-adjusting subsequent events occurred that require further disclosure. (2022: None)

27. Explanation of major variances against budget

For the year ended 30 June	Actual 2023 \$000	Budget 2023 \$000	Variance \$000
Personnel costs	5,045	6,062	(1,017)
Fees to board members (meeting fees and project fees)	764	1,069	(305)
Travel	616	713	(97)
International contributions	765	538	227
General operating costs	1,356	1,300	56
Investments	5,493	3,960	1,533
Net cash flow from operating activities	374	(890)	1,264

Personnel costs

The work undertaken by the External Reporting Board requires highly specialised technical staff in the fields of accounting, audit and assurance, climate and sustainability reporting. Challenges locating and recruiting for these skills has resulted in delays in filling vacant roles.

The budget for personnel costs also included \$300,000 for the development of a non-financial reporting framework (Project Ngā pou o te kawa ora). An external consultancy firm was used to progress Phase 1 of this work so actual costs (\$275,000 excluding expenses) have been captured as professional fees within general operating costs.

Fees to Board members (meeting fees and project fees)

Rather than establish a separate committee to develop climate-related disclosures, existing XRB Board members provided governance and oversight. This resulted in actual costs to Board members being \$300,000 lower than budgeted.

Travel

Travel levels following pre-Covid restrictions, in particular international travel, has returned slower than budgeted.

International contributions

Actual costs for 2023 included a one-off unbudgeted contribution to the Public Interest Oversight Body (\$100,000) for developing a sustainable model in the assurance and ethics standard setting ecosystem. A budgeted (\$200,000) contribution was also made for the first time to the International Sustainability Standards Board as seed capital to support their initiatives in developing a global baseline of climate and sustainability-related standards. The remaining budget variance is due to timing differences.

General operating costs

The budget included \$250,000 of funding allocated for professional fees to implement a platform to enable full digitisation of XRB standards to promote accessibility and searchability. This work commenced in 2022/23 but most costs have been deferred to 2023/24. This has been offset by \$275,000 of professional fees relating to Ngā pou o te kawa ora.

Investments

The current surplus has been invested in term deposits.

Net cash flow from operating activities

The variance is due to total expenses being lower than budgeted by \$1,157,000.



BDO Wellington Audit Limited

Independent Auditor's report

TO THE READERS OF THE EXTERNAL REPORTING BOARD'S FINANCIAL STATEMENTS, AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2023.

The Auditor-General is the auditor of External Reporting Board ("XRB"). The Auditor-General has appointed me, Mark Bewley, using the staff and resources of BDO Wellington Audit Limited, to carry out the audit of the financial statements and the performance information of XRB on his behalf.

Opinion

We have audited:

- the financial statements of XRB on pages 51-68 at comprise the statement of financial position as at 30 June 2023, the statement of comprehensive revenue and expenses, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information; and
- the performance information of XRB on pages 21 to 48.

In our opinion:

- the financial statements of XRB on pages 51-68:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2023; 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 Public Benefit Entity International Public Sector Accounting Standards Reduced Disclosure Regime; and
- the performance information on pages 21 to 48:
 - presents fairly, in all material respects, XRB's performance for the year ended 30 June 2023, 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;
 - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 19 September 2023. This is the date at which our opinion is expressed.

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



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

Responsibilities of the Board for the financial statements and the performance information

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

In preparing the financial statements and the performance information, the Board is responsible on behalf of XRB for assessing 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 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 performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, 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 performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to XRB's statement of performance expectations.

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

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 performance information, 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 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 performance information within XRB's framework for reporting its performance.



BDO Wellington Audit Limited

- 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 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 performance information 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 XRB to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information 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 20 but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information 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 performance information, 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 performance information 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 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.

Other than in our capacity as auditor, we have no relationship with, or interests, in XRB.

A handwritten signature in black ink that reads 'Mark Bewley'.

Mark Bewley

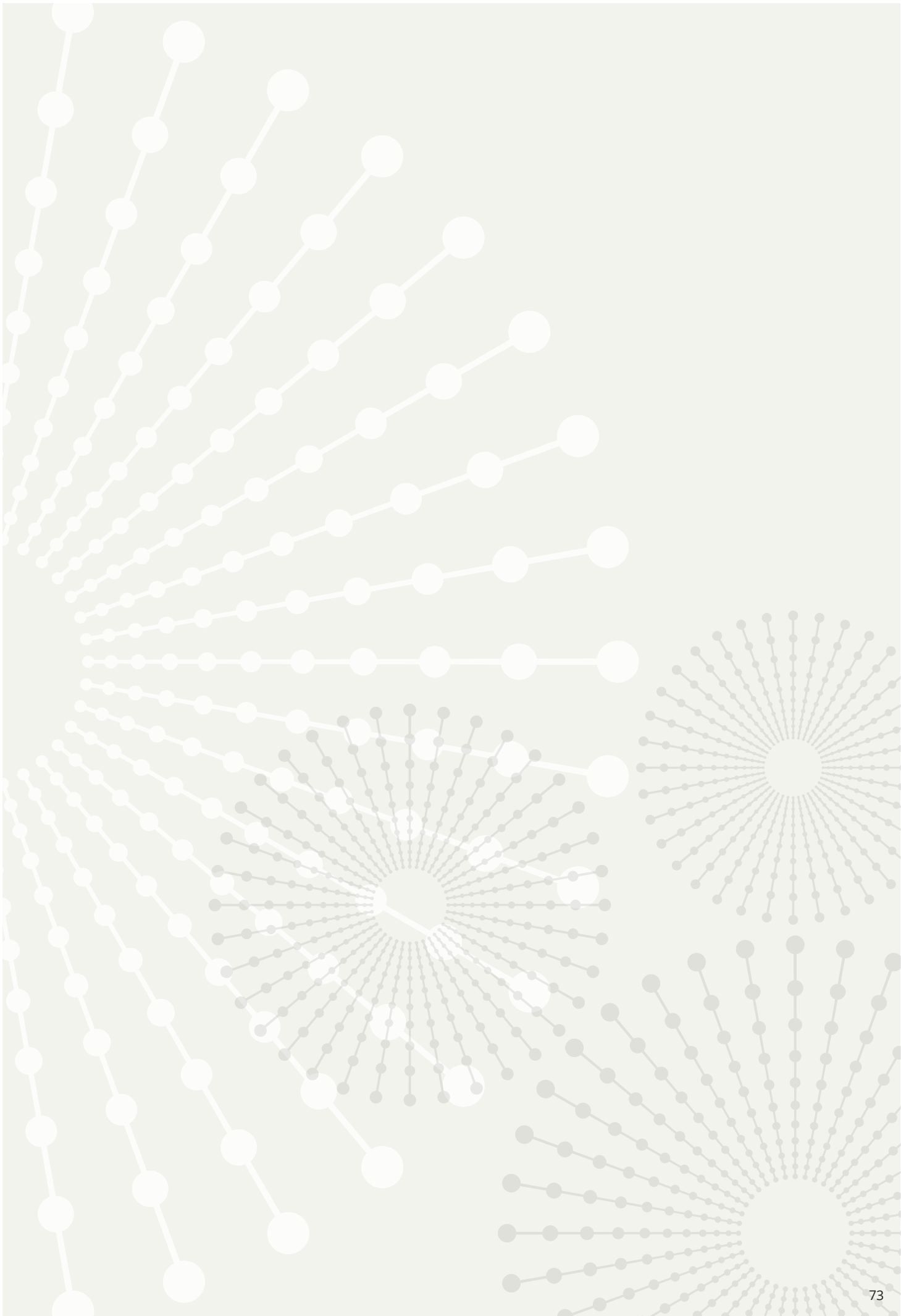
BDO WELLINGTON AUDIT LIMITED

On behalf of the Auditor-General Wellington, New Zealand

Papakupu

Glossary

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





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