



2023/24

Te pūrongo a tau  
Annual Report

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



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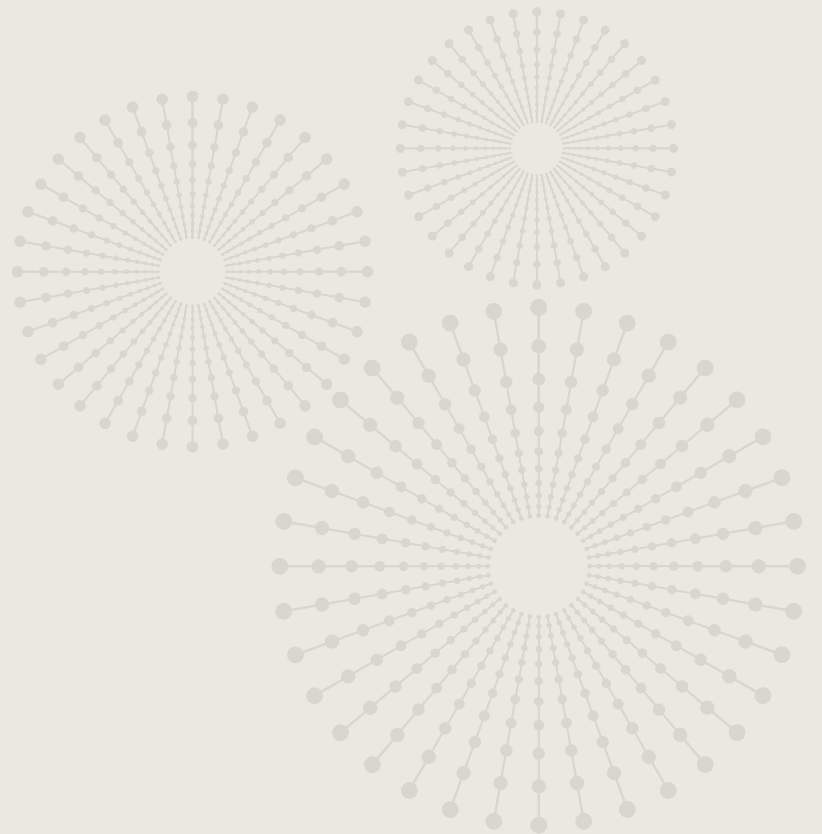
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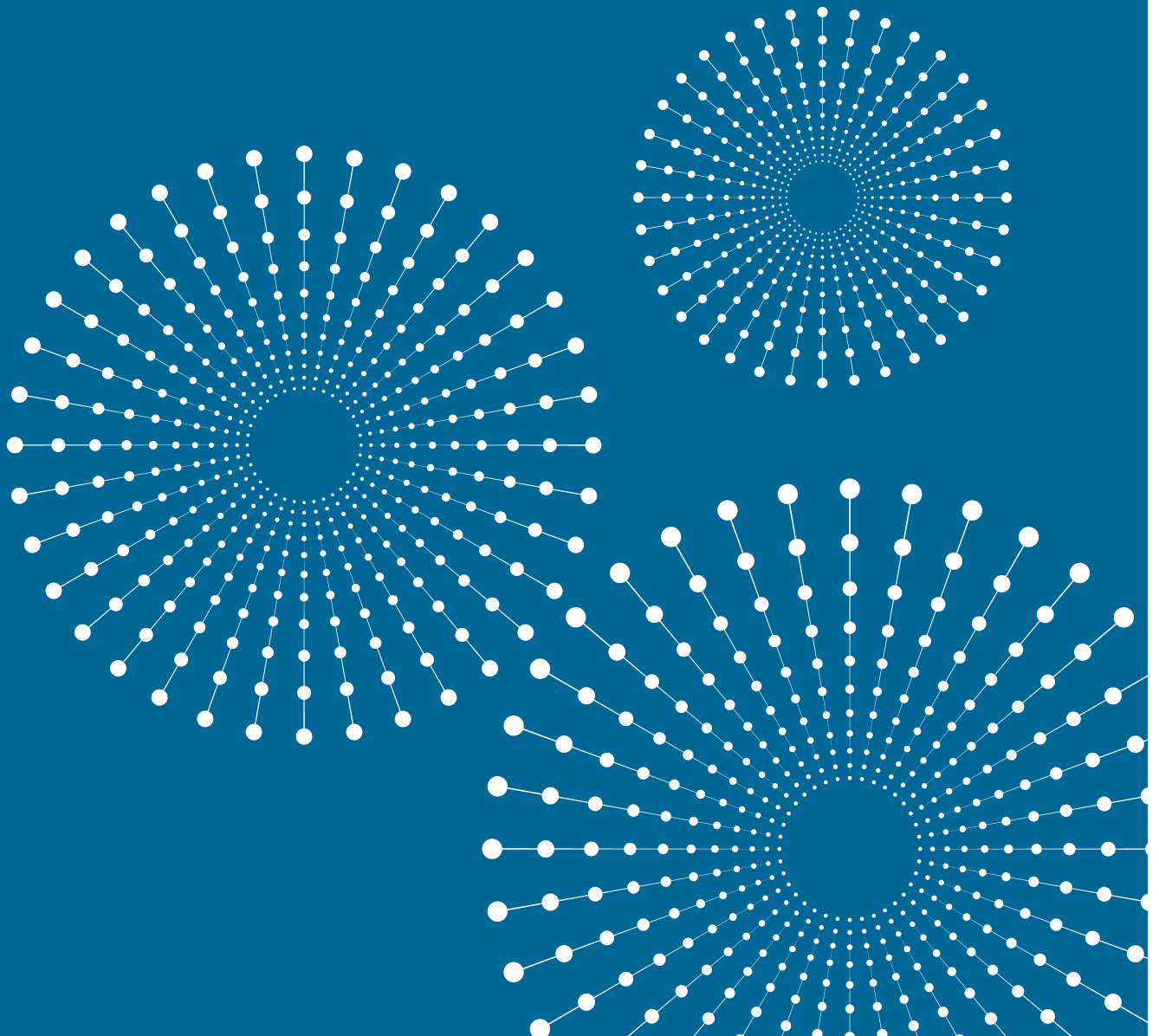
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# Te tauaki mō ngā mahi kia tutuki

## Overview



# He kupu nā te toihau

## Chair's report



Over the past year, we have continued our work to foster trust and confidence in the reporting and assurance of for-profit, public sector, and not-for-profit organisations in Aotearoa New Zealand.

Maintaining a strong presence and active involvement in key international and regional standard-setting forums has remained a top priority for us. Despite New Zealand's size and geographic location, we have made significant efforts to ensure that our perspectives are heard.

We are proud to highlight the appointment of Angela Ryan, who replaces Todd Beardsworth after his six years as the New Zealand representative on the International Public Sector Accounting Standards Board. Additionally, we had the privilege of hosting esteemed international experts Dr Andreas Barckow, Chair of the International Accounting Standards Board; Mark Babington, Executive Director at the UK Financial Reporting Council; and Tom Seidenstein, Chair of the International Auditing and Assurance Standards Board. We also received invitations to present on key work undertaken in New Zealand at various international meetings. Notable highlights include showcasing our research on intangible assets at the International Forum of Accounting Standards Setters, and presenting at the First Nations Major Projects Coalition conference on

our development work on a voluntary non-financial reporting framework.

Strong ties with Australia continues to be an important part of our work to achieve the harmonisation of standards between our two countries. We have continued to work together on various project and have maintained effective reciprocal appointments for New Zealand Chairs to Australian standard-setting boards.

We strive to strike a balance between harnessing the value derived from external reporting, which includes transparency and stakeholder trust, with compliance costs for reporting entities. In response to stakeholder feedback, this year we issued an amending standard that increases size thresholds for Public Benefit Entities, resulting in reduced reporting requirements for those moving to a lower Tier.

We have also promoted a simplified reporting template to alleviate the reporting burden on smaller charities, and initiated support for Incorporated Societies as many transition to new reporting requirements introduced by legislation in 2023.

Achieving an optimal balance between value and compliance cost necessitates understanding both preparer and end-user perspectives. We are grateful for all stakeholders' willingness to engage with us openly and constructively as we strive for high-quality and effective standards.

Empowering entities to understand reporting requirements is crucial for producing high-quality reporting information. The XRB has focused on producing numerous guidance documents, fact sheets and videos, as well as hosting events and meetings designed to support entities and practitioners to implement our standards. With many entities preparing their first climate statements this year, we have dedicated considerable effort to promoting best practices through various implementation support activities.

Our work relies heavily on receiving feedback – be it good or bad – from a broad range of stakeholders. We are immensely grateful to the numerous organisations and peak bodies who have worked with us over the past year, and supported our ability to engage and understand a range of perspectives.

This year we established a new technical committee, the Sustainability Reporting Board (SRB), to sit alongside our other existing technical boards: the Accounting Standards Board and the Auditing and Assurance Standards Board.


The SRB will work on a range of topics including Aotearoa New Zealand Climate Standards and the development of a voluntary, non-financial reporting framework. It will work closely with international and jurisdiction-level standard-setting bodies to ensure strong alignment in the rapidly evolving sustainability reporting landscape.

Becky Lloyd has been appointed as the SRB Chair, Joe Hanita as Deputy Chair, and XRB Board member Jacqueline Cheyne also sits on this board. We are currently looking to appoint up to seven members to the SRB.

I would like to extend my thanks to retiring board member Julia Fink for her exceptional service. I also want to express my appreciation for the professionalism and dedication exhibited by all board members, including our Technical Boards and our External Advisory Panel (XRAP). I also extend my gratitude to the management team and staff for their continued efforts throughout the year.

Lastly, I would like to acknowledge our Chief Executive, April Mackenzie, who will be ending her five-year term with the XRB in December 2024. We consider ourselves fortunate to have benefited from April's outstanding leadership during this critical time in the XRB's evolution. Thank you, April, for your unwavering leadership and vision.

Ngā mihi nui



**Michele Embling**

# He kupu nā te tumuaki

## Chief Executive's Report



Throughout the 2023/24 year, we have maintained our commitment to excellence as standard setters for Aotearoa New Zealand. Our focus on effective frameworks and standards is crucial in ensuring that reporting and assurance foster trust, confidence, transparency, and accountability across all sectors. To achieve this, we have prioritised organisational effectiveness, building upon our previous efforts. This year, we have concentrated on enhancing our people and organisational connectivity.

As a leadership team, late last financial year we underwent a comprehensive 360 review conducted by the Learning Development Centre (LDC), gathering feedback from a wide range of stakeholders on our individual strengths and areas for development. Based on these insights, members of the team have undergone targeted development programmes to realise their leadership potential and enhance the performance of the organisation overall.

We farewelled Anthony Heffernan, Director of Accounting Standards, and Charis Halliday, Technical Director Accounting Standards, who have both assumed international roles with the International Public Sector Accounting Standards Board and the Australian Accounting Standards Board respectively. While losing valuable individuals is never easy, it is gratifying to see New Zealanders taking on crucial positions within international organisations.

On a positive note, we are delighted to welcome Michelle Lombaard as our new Director of Accounting Standards. Michelle is a financial reporting specialist, who also brings vast NZ IFRS and audit experience to her role with the XRB.

Enabling an organisation to broaden its perspective and connect effectively with the external world requires staff who are collaborative and skilled in building meaningful connections, not only within the organisation but also beyond the organisation's boundaries. Supporting staff to develop in this area has been a key focus.

Despite being geographically dispersed throughout New Zealand, we place great importance on fostering unity within the organisation and establishing strong working relationships across teams. Our relocation to a new, fit-for-purpose office was not only long overdue, but has supported our efforts to build a cohesive and connected organisation. We now have space to gather as an organisation, as well as the ability to host small events and meetings, and the additional facility of breakout rooms has enabled more efficient collaboration.

A significant and important example of cross-team collaboration is the successful delivery of the XRB Standards Navigator tool, released in June. The XRB Standards Navigator takes static PDF versions of XRB standards and presents them in a more accessible, dynamic and user-friendly format. This was accomplished through the dedicated efforts of the team, who went above and beyond their usual responsibilities to deliver this work on time and within budget.

This will be my last report as Chief Executive with the XRB, and I would like to acknowledge what a privilege it has been to serve at a time which has seen substantial growth in the organisation and the introduction of some significant new reporting areas. I'd personally like to thank the XRB Board and staff for their incredible support, commitment and dedication throughout my term.

Ngā mihi nui

A handwritten signature in black ink, appearing to read 'April Mackenzie', with a long horizontal flourish extending to the right.

**April Mackenzie**



# Purpose and Vision

## Purpose

We are an Independent Crown Entity responsible for developing and issuing financial reporting, auditing and assurance, and climate standards and supporting guidance for for-profit, not-for-profit and public sector reporting entities in New Zealand.

## Vision

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

## What we deliver

- » Financial reporting standards
- » Audit and Assurance standards
- » Climate standards
- » Guidance and implementation support
- » International liaison

## Strategic intent

### Trusted

High-quality reporting and assurance standards that uphold trust and confidence in New Zealand’s reporting and promotes transparency, stewardship and accountability across all sectors.



### 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.



## How we will deliver



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



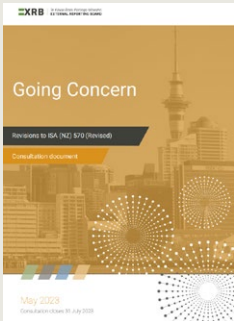
**Influence** to promote improved reporting processes and ensure high-quality global standards that are both applicable in New Zealand and in the public interest.



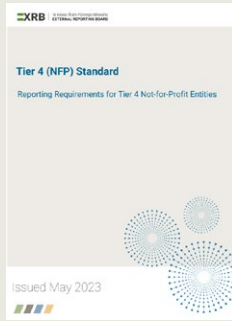
**Engage** with stakeholders to understand how standards can best meet the needs of reporting entities and those who use reporting information.

# Key Deliverables

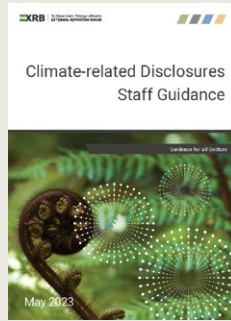
## Lead



**22**  
**Exposure drafts & consultation documents issued**  
 (2022/23: 12)

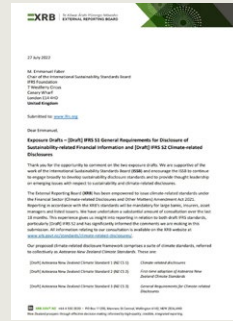


**12**  
**Standards issued**  
 (2022/23: 17)

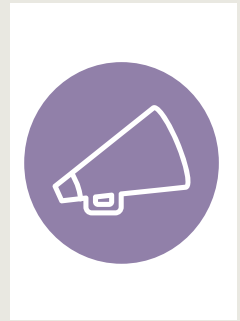


**17**  
**Guidance, fact sheets and support resources**  
 (2022/23: 22)

## Influence



**21**  
**Submissions made**  
 (2022/23: 10)



**52**  
**Media**  
 (2022/23: 63)

## Engage

### Engagement



**134**  
**LinkedIn posts**  
 (2022/23: 150)



**84**  
**Events**  
 (2022/23: 90)



**37**  
**E-Newsletters**  
 (2022/23: 34 Editions)



**18**  
**Videos**  
 (2022/23: 15 Editions)

### Reach

**3814**  
**Followers**  
 (2022/23: 3000 followers)

**7765**  
**Attendees**  
 (2022/23: 10,000 attendees)

**3493**  
**Subscribers**  
 (2022/23: 3000 subscribers)

**35021**  
**Views**  
 (2022/23: 4000 views)

# Mana Whakahaere

## 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 boards – the Accounting Standards and Audit & Assurance Standards Boards – provide technical expertise and advice on developing and implementing our reporting and assurance standards. A third technical board, the Sustainability Reporting Board, was established, with its first members appointed from 1 June 2024. The Kaitiaki Governance Group continued its valuable work in 2023/24.

The External Reporting Advisory Panel (XRAP) provides a forum where the three XRB Boards can consult with individuals and representatives of organisations affected by their work.

### External Reporting Board



Michele Embling  
(Chair)



Jane Taylor  
(Deputy Chair)



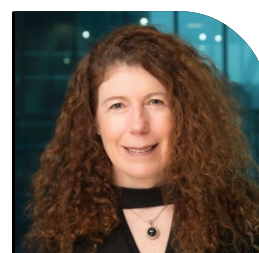
Michael Bradbury



Fergus Welsh



Sheree Ryan,  
(Ngāti Maniapoto, Waikato)



Jacqueline Cheyne



John Kensington



Julia Fink  
(Retired June 2024)



Andrew Mills  
(Financial Reporting Council – Australia)

## Advisory Boards



### Auditing & Assurance Standards Board

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



### Accounting Standards Board

Carolyn Cordery (Chair)  
Michael Bradbury (Deputy Chair)  
Francis Caetano  
Denise Hodgkins (to December 2023)  
Keith Kendall (AASB)  
Richard Perry  
Richard Smyth  
Jason Stinchcombe  
Lara Truman  
Warwick White



### Sustainability Reporting Board (from 1 June 2024)

Becky Lloyd (Chair)  
Joe Hanita (Deputy Chair)  
Jacqueline Cheyne



### Climate Project Steering Group (to 30 June 2024)

Jacqueline Cheyne (Chair)  
Michele Embling  
April Mackenzie  
Jane Taylor



### Kaitiaki Governance Group

Joe Hanita (Chair)  
Darren Beatty  
Michele Embling  
Julia Fink  
Kiwa Hammond  
April Mackenzie  
Sheree Ryan



### External Advisory Panel (XRAP)

Craig Fisher (Chair)  
Darren Beatty  
Katie Beith  
Simon Brotherton  
Mike Burrell  
Andy Fulbrook  
Peter Gudsell  
Rick Jones  
Steven Moe  
Greg Munford  
Fiona Oliver  
Zowie Pateman  
Kirsten Patterson  
Tom Scott  
Ruth Tolise  
Cameron Town  
Joost van Amelsfort  
Tony van Zijl (to June 2024)  
Rachel Walsh  
Rickey Ward  
Simon Wilkins

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

Julia Fink – XRB Board

Bill Edge – NZAuASB

Denise Hodgkins – NZASB

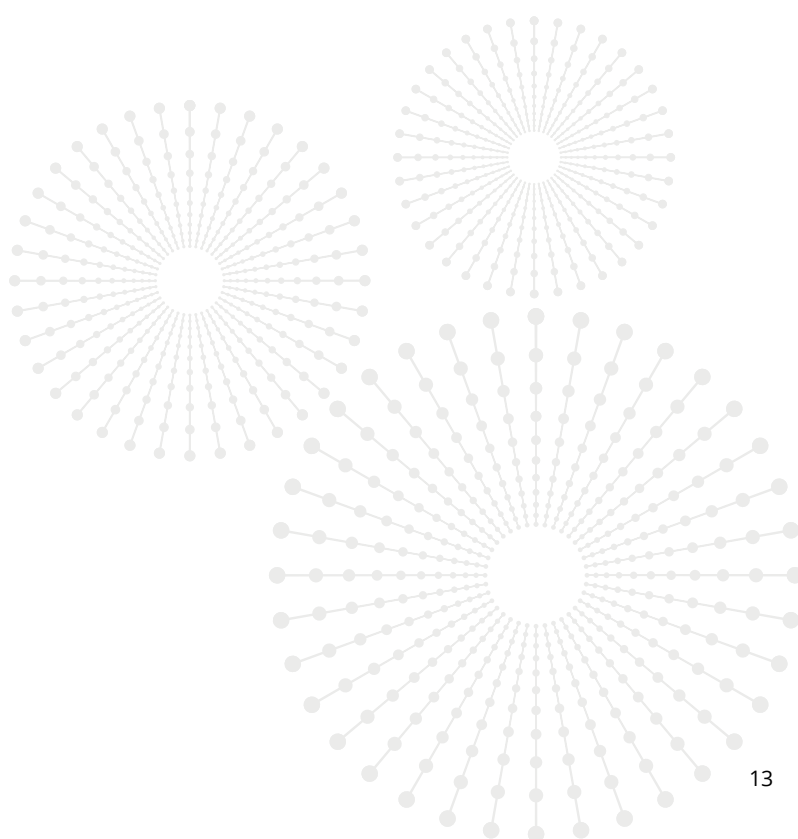
Tony van Zijl – XRAP

We also thank the Climate Project Steering Group for their immense contribution to the development of the Aotearoa New Zealand Climate Standards. This work will now fall under the newly formed Sustainability Reporting Board.

**Other information required by the Crown Entities Act**

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.
- The External Reporting Board did not grant permission to any board member to act despite being interested in a matter, in accordance with section 68 of the Crown Entities Act 2004.



# He rawa mō ngā mahi kia tutuki

## Ownership Performance

### Scope of business

Our 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; and enhance entities' transparency, accountability, and stewardship to stakeholders in the for-profit, not-for-profit and public sectors. Our 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 2024 are provided in the Financial Statements section of this Annual Report. A summary of the External Reporting Board's actual financial performance, compared to the budgeted performance for the year, is provided in the table below.

### Operating

We have made a deficit of \$144k this year against a planned budgeted deficit of \$888k. The lower than expected spend reflects hiring delays to find the right skills for key roles, less work with external consultants and instead utilising our own staff, and delays in establishing the new Sustainability Reporting Board. Note 27 to the financial statements provides more detail on major variations in specific expense items. The financial statements also account for a planned return of retained earnings to the Crown of \$1.1m for financial year 2024/25.

### Capital expenditure

Our capital expenditure for the year to 30 June 2024 was \$221k. This was primarily related to the move to our new Wellington office.

Financial measure	2023/24 Actual (\$'000)	2023/24 Budget (\$'000)
Funding from the Crown	8,730	8,730
Interest Revenue	329	150
Expenses	9,203	9,768
Operating Deficit	(144)	(888)
Equity	4,361	4,272
Net Cash Flows from Operating Activities	(75)	(784)
Net (Decrease)/Increase in Cash	(40)	68

## 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. As such, we endorse and uphold the principles underlying equal opportunity and good employer legislation.

Workforce component	2023/24	2022/23
Employees	33	34
Part-time	9	6
Casual	1	1
Women	67%	68%
Women in management team	100%	83%

## Workforce profile

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

Workforce age profile	2023/24	2022/23
Under 30 years of age	3	5
30-39 years of age	13	12
40-49 years of age	6	6
50-59 years of age	7	7
≥60 years of age	4	4

## Workforce ethnicity

We capture ethnicity data as part of our Kia Toipoto (gender and pay gap) action plan.

	2023/24	2022/23
European	71%	80%
Māori	3.2%	2.9%
Pacific	3.2%	0%
Asian	9.7%	8.6%
MELAA (Middle Eastern/Latin American/African)	3.2%	2.9%
Other	9.7%	5.6%

## 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. During 2023/24 we introduced Onboarding as part of our myHR system. Every quarter, we bring staff together for a day of information sharing, CE updates and group activities. The agenda is designed to encourage individuals to connect and learn with staff outside their functional team, and provide an opportunity to celebrate key successes.

### Employee development, promotion & exit

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 held presentation and business writing courses, and promoted the availability of other development opportunities for staff. 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 performance and a stronger 'one team' culture. We are dedicated to creating an inclusive environment where all 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. We appoint people based solely on their qualifications, experience, relevant skills, and ability to operate within our 'one team' organisational culture. Age, ethnicity, gender, or physical disabilities are not a factor in our recruitment decisions.

### 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 XRB's gender pay gap has reduced to -8% (2023: -15%). The gender pay gap is calculated by the median hourly rate method as recommended by Statistics New Zealand. The gender pay gap for the employees involved in standard setting (the main professional group in the XRB) is -15% (2023: -18%). The gap reflects the differing seniority (and therefore salaries) of various positions in the organisation. The management team are all women which explains why the gender pay gap is negative. Being a small organisation, data can be volatile 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 able to work from home when needed. Our working from home policy is proving effective in supporting that flexibility.

Creating a culture where people are comfortable talking about mental health at work helps to reduce stigma and increase the likelihood that people will access mental health support when they need it.

We hired Umbrella Wellbeing, with its qualified and experienced registered psychologists, to facilitate a dedicated session with staff on mental wellbeing. The session focused on understanding mental health and mental illness (and the difference between the two), how to recognise signs of stress and distress in yourself and colleagues, and useful tips on how to have safe conversations about mental health.

We are committed to ensuring that our people are kept safe by having trained first aiders and fire wardens on site. 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. This year we held a wellbeing session for all staff, and wellbeing topics are now considered for inclusion in our team meetings.

## **Māori-Crown relations**

As an Independent Crown Entity within the public service, the External Reporting Board acknowledges the significance of te Tiriti o Waitangi. We have published a statement which sets out our commitment to te Tiriti o Waitangi, and how it will guide our high-level direction at Board level and within the organisation.

The External Reporting Board is committed to building our relationships with Māori under te Tiriti o Waitangi, and to observing the now well-established guiding principles of partnership, participation, and protection. Our actions as an Independent Crown entity have an impact on Māori, particularly when Māori entities apply our standards in their reports. In relation to our work, we are committed to ensuring that their rights and interests are represented and respected. We recognise that ongoing education, reflection, and implementation of change within the organisation will be required to deliver on our commitment.

Our engagement with Māori has also matured through the delivery of Ngā pou o te kawa ora, our project to develop a voluntary non financial reporting framework.

## GHG emissions

Measuring our scope 1, 2 and 3 GHG emissions commenced in 2022. We have not yet formulated 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 FY24 emissions were 115 tCO<sub>2</sub>e higher than in FY23. More international business travel accounts for the majority of this increase (91 tCO<sub>2</sub>e). One of our primary activities is to shape the work of international boards at crucial stages of standards development. This helps ensure that the standards are of high quality, serve the global public interest, and are relevant to New Zealand. To achieve this, we make sure that New Zealand's perspectives are well understood by international standard setters, which is why we attend key international meetings and events in person.

### GHG emissions 2023/24

	2023/24 tCO <sub>2</sub> e	2022/23 tCO <sub>2</sub> e
Scope 1	0	0
Scope 2	3	4
Scope 3	520	404
<b>Total</b>	<b>523</b>	<b>408</b>

We restated Scope 3 FY23 emissions for business travel to include the radiative forcing factor, which is considered best practice. We also restated Scope 3 FY23 emissions for purchased goods using the same emission factor as this year, provided by Thinkstep and adjusted post-COVID. This has increased our FY23 emissions by 49 tCO<sub>2</sub>e compared to what was reported in FY23.

Scope 1 – Produced directly through our operations

Scope 2 – Emissions from purchased electricity

Scope 3 – Emissions from wider supply chain

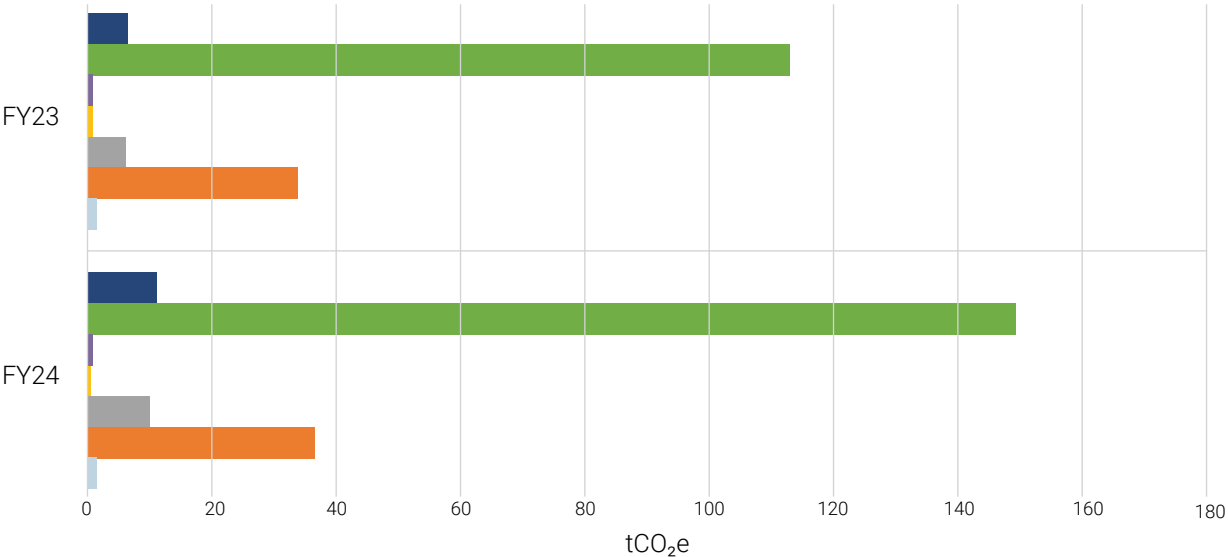
tCO<sub>2</sub>e – Tonnes carbon dioxide equivalent

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

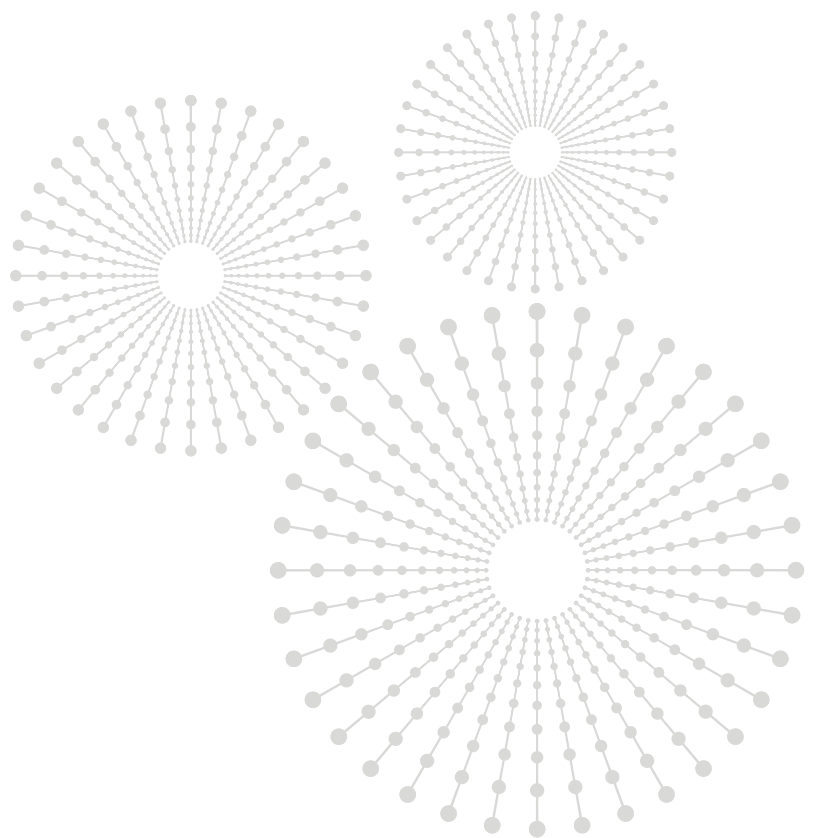
1. ISO 14064 – 1: 2019 Greenhouse gases Part 1
2. Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standard
3. Greenhouse Gas Protocol – Corporate Value Chain (Scope 3) Accounting and Reporting Standard

We use the operational control consolidation method. Emissions factors used in FY24 are from the Ministry of Environment's Measuring emissions: A guide for organisations:2024 detailed guide. Air travel emissions include radiative forcing. Well-to-tank emission factors were sourced from the UK's Department of Energy and Net Zero Greenhouse gas reporting: conversion factors 2024. We also used emissions factors from Thinkstep EF database. Our emission factors use Global Warming Potentials from the Fifth Assessment Report (AR5). The time horizon is 100 years.

### GHG emissions by category



- Employee commuting
- Business travel
- Fuel-and energy related activities
- Capital goods
- Electricity consumption (location based)
- Waste generated in operations
- Purchased goods and services





# Te tauaki mō ngā mahi kia tutuki

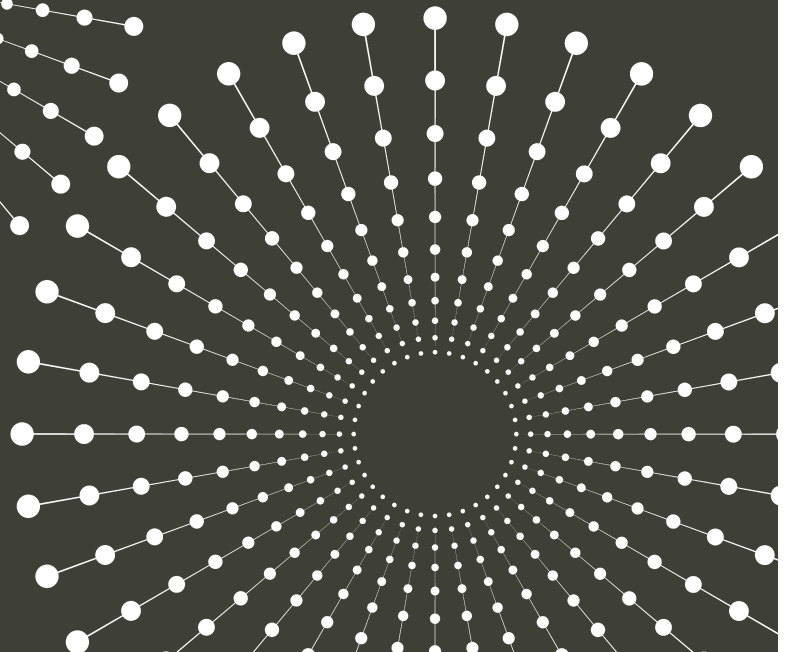
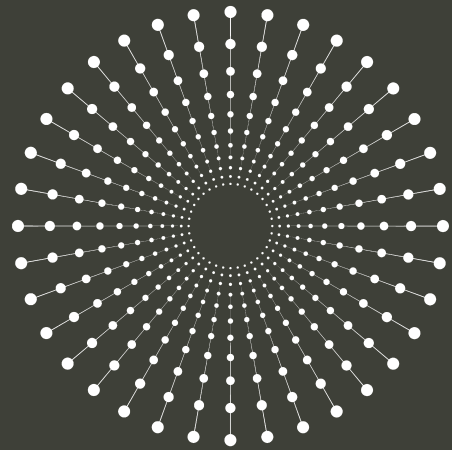
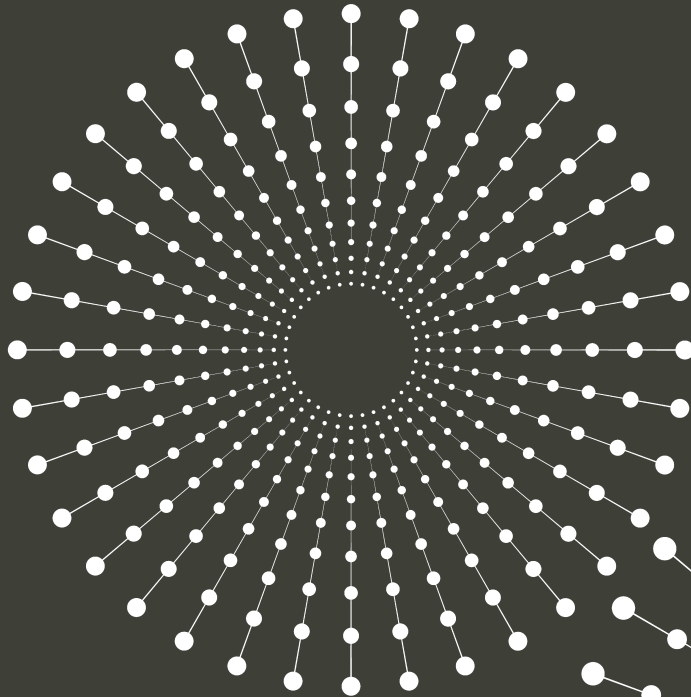
# Statement of Service Performance

FOR THE YEAR ENDED 30 JUNE 2024

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The following section reports on the services we  
delivered in the year ended 30 June 2024.

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# Outcome Performance Statement

Our work is focused on contributing to the following outcomes:

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

## 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 output.

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

Output class	2023/24 Actual \$000	2023/24 Budget \$000	2022/23 Actual \$000
<b>Description</b>			
Development and issuing of accounting standards, climate standards, auditing and assurance standards, non-financial reporting guidance, and associated documents 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	8,730	8,730	8,627
Revenue from others	329	150	193
Expenses	(9,203)	(9,768)	(8,614)
<b>Operating Surplus / (Deficit)</b>	<b>(144)</b>	<b>(888)</b>	<b>206</b>

## Output class 2023/24

The appropriation is limited to the funding of one reportable output class. The description of this appropriate scope is: The development and issuing of accounting standards, climate standards, auditing and assurance standards, non-financial reporting guidance, and associated documents.

### Outputs



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

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

# Measuring Performance

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

## a) Stakeholder survey

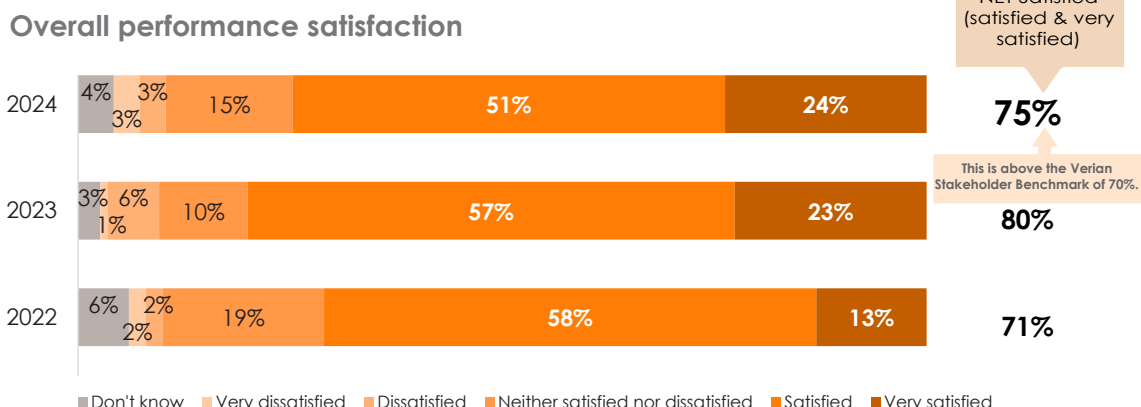
A regular survey of stakeholders is undertaken to measure our performance. The survey assesses the current state of, and any changes to, stakeholders' perceptions of the XRB's:

- » performance
- » products
- » interactions.

Overall, we are pleased with the results shown below but are committed to increasing stakeholder satisfaction across all our measures. Since receiving the results in June 2024, we have developed an action plan to increase stakeholder satisfaction in key areas such as the provision of guidance and implementation support.

## 2023/24 results

### Overall satisfaction with performance remains strong



### Performance by outcome statements

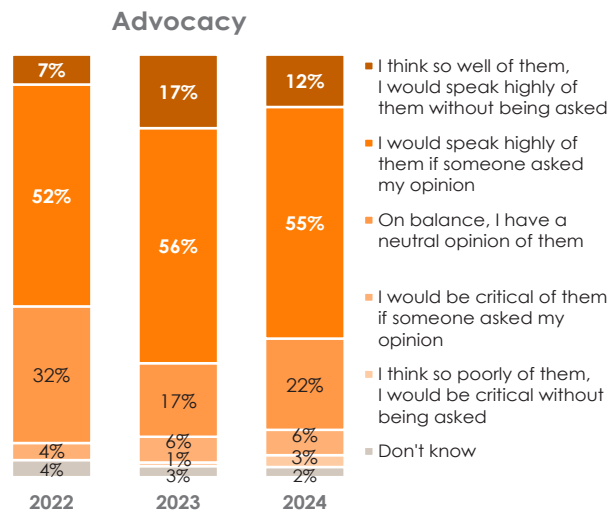
Thinking about the XRB's performance, how satisfied are you with XRB's performance on:

	NET Satisfied (Satisfied + Very satisfied)
Engender trust and confidence in New Zealand financial and non-financial reporting.	77%
Enable entities to better communicate their performance story and enhance entities' transparency, accountability and stewardship to stakeholders.	73%
Contribute to the allocation of capital towards activities that are consistent with a transition to a low-emissions, climate-resilient future.	44%

Stakeholders gave a lower rating to the contribution that climate standards make towards the outcome of driving capital to a low- emissions, climate-resilient future. This result is to be expected given that at the time the survey was conducted, reporting in this area was new and most climate reporting entities were reporting on this topic for the first time.

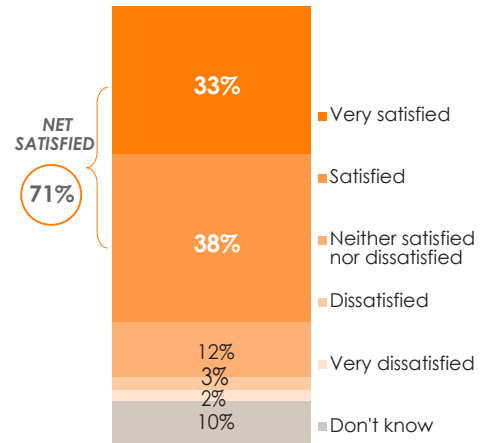


## Advocacy for the XRB remains strong



## Stakeholders are satisfied with XRB's consultation process

Satisfaction with XRB's consulting process



## Effectiveness of standards

Overall, how effective do you think the standards\* were at helping to...?

NET Effective (Very effective + Extremely effective)	For profit accounting standards (n=86 to 90)	PBE - Not-for profit accounting standards (n=83)	Public sector accounting standards (n=58)	Audit and assurance standards (n=111)	Climate standards (n=132)
Engender trust and confidence in New Zealand financial and non-financial reporting	67%	64%	72%	61%	40%
Enable entities to better communicate their performance story and enhance entities' transparency, accountability and stewardship to stakeholders'	68%	64%	66%	45%	49%
Contribute to the allocation of capital towards activities that are consistent with a transition to a low-emissions, climate-resilient future'				23%	22%

\*Note: This question was asked specifically in relation to respondents' use of particular standards. Currently there are no specific For Profit, PBE or Public Sector standards that contribute to a low emissions climate resilient future. We have commissioned Otago University to undertake research to assess the effectiveness of the climate disclosure framework. A final report will be published in late 2025 which will examine published Climate Statements to assess the effectiveness of the Aotearoa New Zealand Climate-related Disclosure Framework in meeting its purposes. These findings will inform next steps.

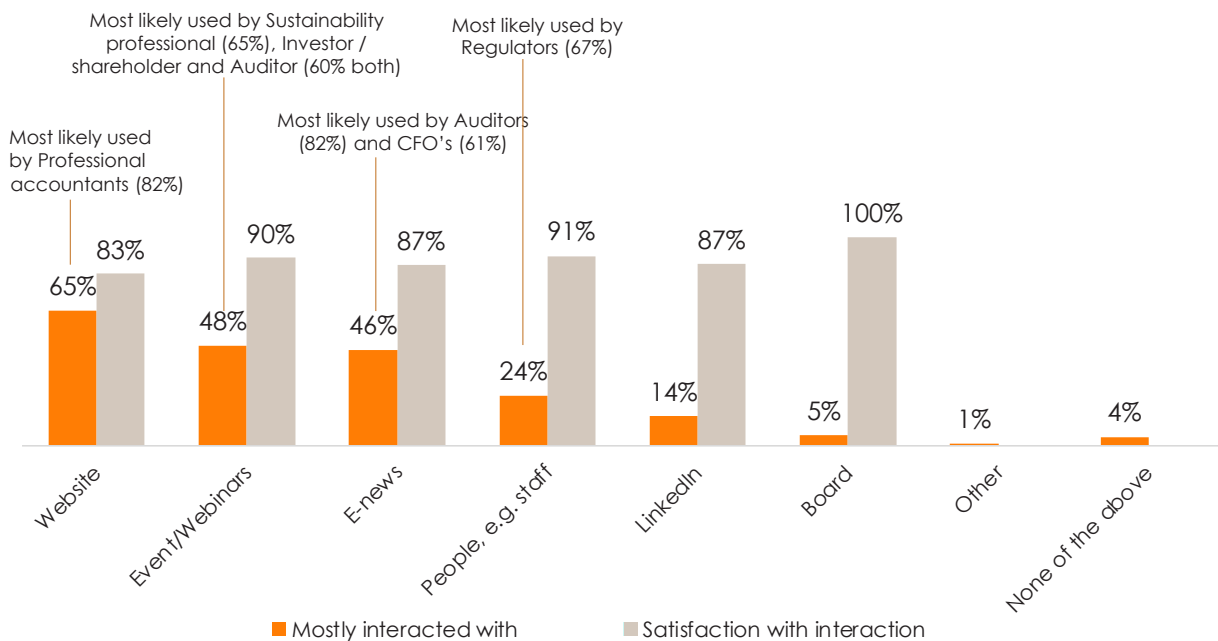
## Satisfaction with the quality of collateral and engagement opportunities

How satisfied are you with the quality of consultation and engagement for the development of the standards?

Top 2 Boxes (Satisfied + Very satisfied)	For profit accounting standards	PBE - Not-for profit accounting standards	Public sector accounting standards	Audit and assurance standards
	(n=91)	(n=81)	(n=56)	(n=106)
Quality of collateral provided, e.g. Consultation document, At a Glance summary	64%	68%	70%	75%
Quality of engagement opportunities via e.g. webinars, forums, in-person workshop	59%	63%	70%	74%

## The website continues to be the main source of information

### Sources of interaction and their satisfaction

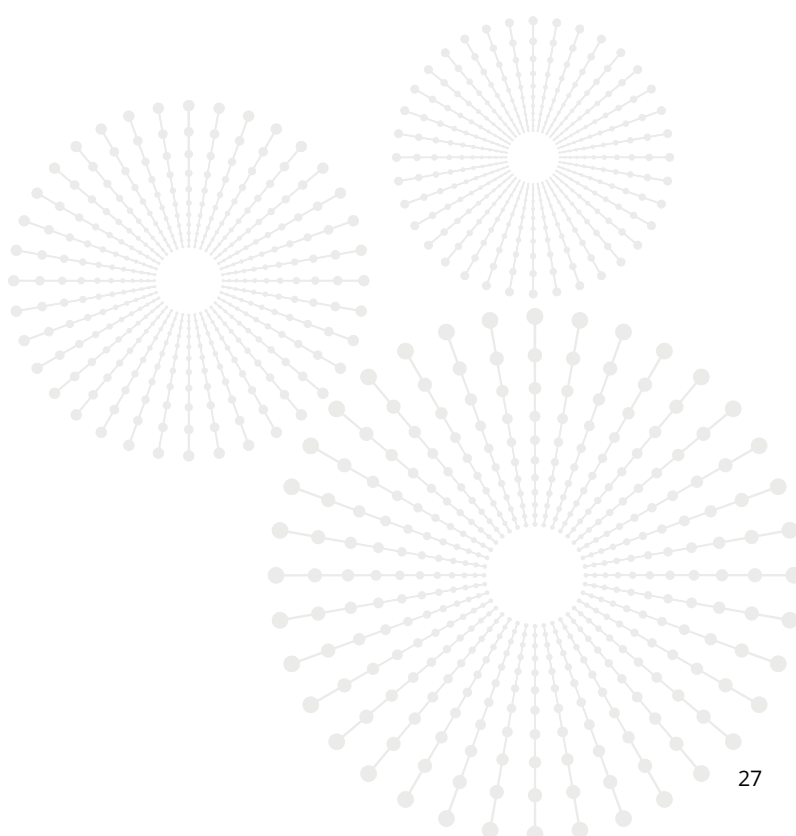


Note: Percentages are based on the population in each category.

## Stakeholders rate the quality of guidance and support

How satisfied are you with the quality of guidance and support the XRB has delivered for the standards?

<i>NET Satisfied (Satisfied + Very satisfied)</i>	<b>For profit accounting standards</b>	<b>PBE - Not-for profit accounting standards</b>	<b>Public sector accounting standards</b>	<b>Audit and assurance standards</b>	<b>Climate standards</b>
	(n=93)	(n=64 to 71)	(n=58)	(n=111)	(n=131)
Staff Guidance document	56%	63%	64%	75%	67%
FAQs	63%	69%	67%	72%	62%
Webinar (E.g. Deep Dive)	55%	63%	67%	66%	63%



Note: Combined results may vary due to rounding

## b) XRB research

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

### Reporting of intangibles in New Zealand

On the back of research commissioned last year, our own staff have undertaken a case study on fishing quotas, as an example of using a less than "active market" for recognising intangibles. This research was presented at the International Fom of Accounting Standard Setters.

### Audit performance research

During the year we commissioned research into Audit Committee Chairs perceptions of quality and performance of audits to inform discussions on the role of audit in maintaining trust and confidence in financial reporting in New Zealand. Maintaining high levels of trust and confidence in reported information is fundamental for the efficient running of the New Zealand economy.

This research revealed:

- Trust and confidence is high and independent audits in accordance with XRB's standards are a main source of trust and confidence.
- Alignment with international and Australian accounting and auditing standards is seen as important – confirming that our convergence and harmonisation policy is serving listed entities in New Zealand well.
- The importance of the relationship and interaction between the audit committee and the auditor. Audit Committee Chairs who participated in this research also noted the use and impact of Key Audit Matters (KAMs) as required by the XRB's auditing standards are a key driver of quality interactions between both parties.NZ leading the way.
- Sustainability assurance was also top of mind among Audit Committee Chairs. In issuing NZ SAE 1 Assurance Engagements over Greenhouse Gas Emissions Disclosures, the XRB are committed to working with a broad range of assurance practitioners for entry into this assurance market. As we look towards the future, we anticipate that Assurance practitioners will have a critical role to play in enhancing trust and confidence. We will use this research to inform broader discussions on the role of audit, the standards we issue, and how these support trust and confidence in reporting in New Zealand.

### c) Broader indicators

Several external indicators and reports have a natural correlation to our impact as standard setters, and therefore forms part of our evaluation process.

These are as follows:

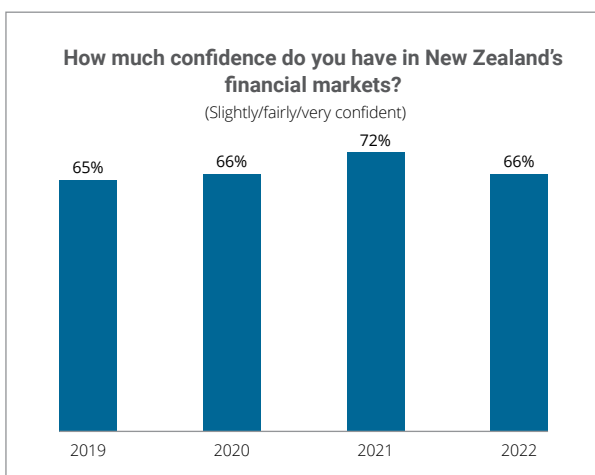
#### New Zealand remains one of the least corrupt countries in the world



In 2023, New Zealand ranked third in the Global Corruption Perception Index (CPI), behind Denmark and Finland. Historically New Zealand has performed well in the CPI, however in 2023 it dropped out of the top two places for the first time since the index was revised in 2012. Transparency International attribute this to a decline in business confidence stemming from high-profile prosecutions related to tax evasion and COVID subsidy related fraud, and a rise in scamming activities across New Zealand.

New Zealand’s ranking in the [Global Corruption Perception Index](#): Supporting New Zealand entities to be competitive and credible within international capital markets.

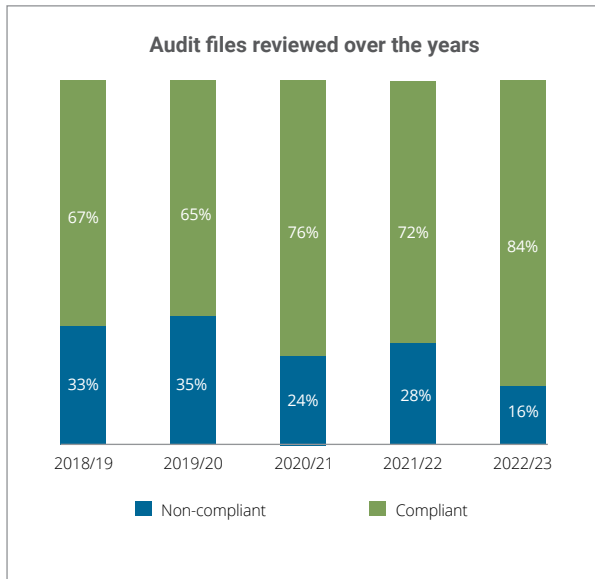
#### New Zealanders have confidence in New Zealand’s financial markets



More than eight in ten New Zealanders have at least one investment product – most commonly KiwiSaver (64%), followed by shares (24%) and term deposits (20%). In 2022, overall confidence of investors in New Zealand’s financial markets fell to 66%, down from 72% in 2021 in response to volatility in financial markets. Despite this, there is more confidence that financial markets and service providers offer good long-term opportunities (71%).

The FMA [investor confidence in the New Zealand financial markets research](#)

### Audit compliance has improved over the years



The FMA [Audit Quality Monitoring Report](#)

This report identifies issues encountered during the FMA’s annual review of a small sample of audit files, and tracks how they changed over time. The report also identifies trends in the level of compliance and non-compliance with the standards.

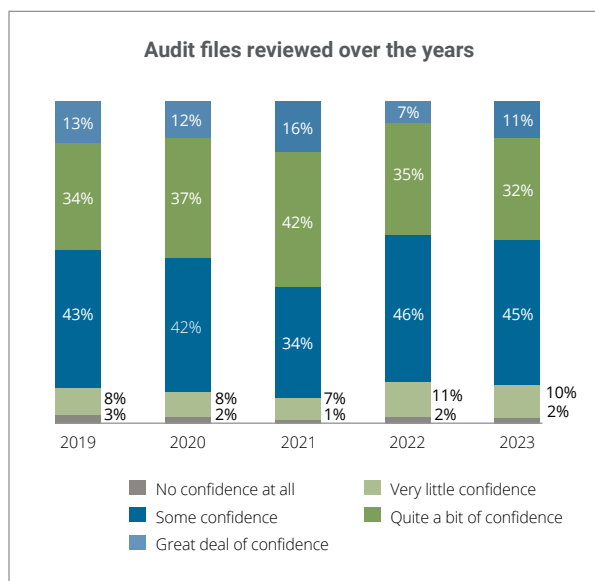
The vast majority of audit files reviewed (from listed and other FMC reporting businesses) is compliant in 2022/23, showing a steady improvement over the past five years.

The review process includes, but is not limited to:

- an independent audit is carried out by a licensed auditor
- the auditor demonstrates appropriate levels of professional skepticism
- adequate and appropriate audit evidence is obtained
- the auditing and assurance standards are followed
- an appropriate audit opinion is issued

The FMA’s report did not highlight any instances where the non-compliance related to an incorrect audit opinion being issued but did highlight one instance where financial statements were materially misstated.

### Retail investors have confidence in the audited financial reports of New Zealand companies



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

More than four in ten retail investors have a great deal or quite a bit of confidence in the audited financial information published by listed companies in New Zealand. A further 45% have some confidence. Confidence levels in 2022 and 2023 are stable, however below previous years.

Reasons for this confidence in part stemmed from views that auditing is well regulated (50% of those with at least some confidence) and that auditors act ethically and provide honest and independent scrutiny (40%).

Of the minority (12%) expressing a lack of confidence, reasons were varied and included views that companies don’t provide enough information (50%), companies are not trustworthy (43%) and companies or auditors have conflicts of interest (33%).

# Engagement



Michele Embling, Andreas Barckow and Carolyn Cordery.



Mike Bradbury, Tom Scott and Greg Schollum with Tom Seidenstein at a XRB roundtable discussion on sustainability assurance.



Joe Hanita providing an overview of the XRB's project on developing a non financial reporting framework to delegates at the First Nations Major Projects Coalition conference in Canada.



XRB Panel discussion on reporting and capital allocation with Michele Embling, Andreas Barckow, Kirsten Patterson, Nick Tuffley and Matt Whineray.



The XRB's Charis Halliday facilitates a panel discussion on coherence and connectivity in financial statements with Mike Roan, Karl Hickey and Andreas Barckow.



April Mackenzie addressing delegates at the First Nations Major Projects Coalition conference in Canada.



Marje Russ, and Misha Pieters with Mark Babington at the XRB hosted practitioner roundtable exploring ethics and sustainability.



April Mackenzie welcoming assurance practitioners to the Tom Seidenstein events.

# Outputs Performance Statement



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

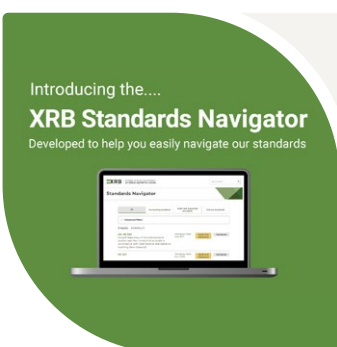
This output is about engaging with stakeholders, setting and communicating our strategy, and the initial work developing an environmental, social and governance (ESG) framework.

### 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. External reporting that utilises our financial, climate, and audit and assurance standards enables entities to demonstrate transparency, accountability, and stewardship to their stakeholders.

	2023/24 Actual \$000	2023/24 Budget \$000	2022/23 Actual \$000
Revenue from Crown	1,482	1,482	1,309
Other revenue	329	150	193
Expenses	(1,298)	(1,274)	(1,012)
Attributed overhead costs	(359)	(384)	(253)
<b>Operating surplus / (deficit)</b>	<b>154</b>	<b>(26)</b>	<b>237</b>

### Key highlights



#### XRB standards go digital

In June this year we launched our digitised reporting and assurance standards platform – the **XRB Standards Navigator**. This online tool takes static PDF versions of XRB standards and presents them in a more accessible and user-friendly format.



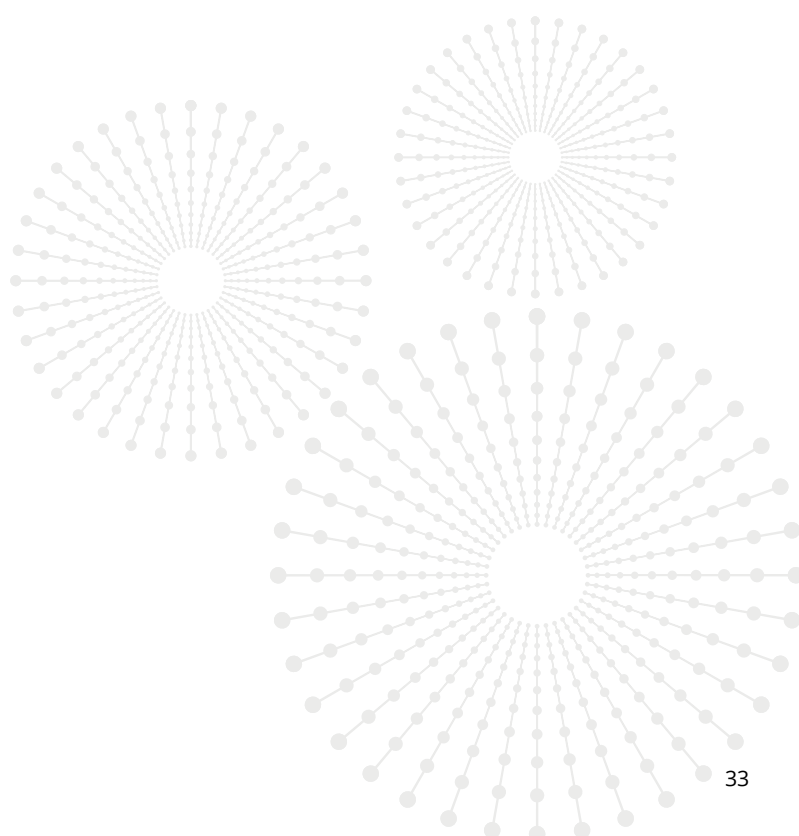
#### Sustainability Reporting Board established

The External Reporting Board announced the establishment of a new technical Board, the Sustainability Reporting Board (SRB), in May this year. Becky Lloyd has been appointed as Chair, Joe Hanita as Deputy Chair, and XRB Board member Jacqueline Cheyne is also a member ensuring strategic coherence with the overall work of the XRB. We are currently looking to appoint up to a total of seven members to the SRB.



✓ Achieved
➔ Progressed
↘ Modified
⌚ Delayed

Activity	Measure	Forecast 2023/24	Actual 2023/24	Actual 2022/23
Reporting strategies and frameworks remain relevant and support entities to communicate performance	Timeliness Due process	Review standard-setting policies, and consider making revisions to enable more agile, innovative ways of working.  Review published on the XRB website. (December 2023).	⌚ Given the XRB Board's decision to establish a Sustainability Reporting Board, it was decided to wait until this board was fully formed until determining what overarching changes were required to the XRB's reporting strategy as a whole.	N/A – New work
XRB standards are available in a searchable digital format from the XRB website	Timeliness Quality	Implement a platform to enable full digitisation of XRB standards to promote accessibility and searchability. (June 24)	✓ Fully enabled platform of digitised standards launched in June 2024.	N/A – New work
Develop an XRB position on digital reporting	Quality	Develop a strategic position paper on the XRB's role in digital reporting in Aotearoa New Zealand. (June 24)	✓ Position paper on digital reporting published May 2024.	N/A – New work





## Output 2: Prepare and issue financial reporting standards

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

### 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.

	2023/24 Actual \$000	2023/24 Budget \$000	2022/23 Actual \$000
Revenue from Crown	1,812	1,812	1,988
Expenses	(1,373)	(1,557)	(1,376)
Attributed overhead costs	(440)	(470)	(389)
<b>Operating surplus / (deficit)</b>	<b>(1)</b>	<b>(215)</b>	<b>223</b>

### Key highlights

**“As an Accountant for charitable organisations I am wholly in support for the increase in the Tier-3 threshold”**  
 – Stakeholder feedback

#### Reduced reporting load

In February this year we issued an amending standard which reduces the reporting requirements by increasing the size thresholds for Public Benefit Entities. Inflation distorts reporting thresholds and unduly increases the compliance burden on smaller entities. We received 35 submissions indicating overwhelming support for the increase.




The new thresholds are:

- \$33 million expenses for Tier 2
- \$5 million expenses for Tier 3.









#### New requirements to improve investor communication




The XRB approved NZ IFRS 18 *Presentation and Disclosure in Financial Statements* in May this year. NZ IFRS 18 will replace NZ IAS 1 once it becomes mandatory on 1 January 2027 and will apply to all for-profit reporting entities in New Zealand. We have conducted a number of engagements to raise awareness of the new requirements and assist entities to prepare to implement the new standard. Implementation support will continue throughout 2024/25.




 Achieved
  Progressed
  Modified
  Delayed





Activity	Measure	Forecast 2023/24	Actual 2023/24	Actual 2022/23			
Issue Exposure Drafts related to the development of financial reporting standards	Timeliness	Issue Exposure Drafts/consultation documents for public consultation by the dates specified. We note that the dates specified are contingent upon the completion of the international project.	18 Exposure Drafts (ED) and consultation documents issued.	5 Exposure Drafts (ED) and consultation documents issued.			
	Quality		The following IASB EDs and other consultation documents were issued for public consultation:	<ul style="list-style-type: none"> <li>International Tax Reform- Pillar II Model Rules (amendments to IAS 12) (Jan 2023)</li> <li>Amendments to the Classification and Measurement of Financial Instruments (April 2023)</li> </ul>			
	Compliance with due process						
					<u>IASB-based standards</u>	<u>IASB-based standards</u>	<u>IASB-based standards</u>
					1. Post-implementation Review of IFRS 9 <i>Financial Instruments – Impairment</i> by August 2023	 Post-implementation Review of IFRS 9 <i>Financial Instruments – Impairment</i> (issued in June 2023, closed and concluded on July 2023)	
					2. <i>Financial Instruments with Characteristics of Equity</i> by September 2023	 <i>Financial Instruments with Characteristics of Equity</i> (Dec 2023)	
	3. Post-implementation Review of IFRS 15 <i>Revenue from Contracts with Customers</i> (IASB ED) by July 2023	 Post-implementation Review of IFRS 15 <i>Revenue</i> (July 2023)					
		In addition to our forecasted projects, we also issued the following: <ul style="list-style-type: none"> <li>Annual improvements to IFRS Accounting Standards – Volume 11 (Sept 2023)</li> <li>Business Combinations – Disclosures, Goodwill and Impairment (Mar 2024)</li> <li>Contracts for Renewable Electricity (May 2024)</li> </ul>					
		<u>IPSASB-based standards</u>	<u>IPSASB-based standards</u>	<u>IPSASB-based standards</u>			
		4. Revenue (PBE ED) by April 2024	 We are still undergoing consultation with our advisory group informing the drafting of this ED. We anticipate this ED to be issued in Q1 2025.	<ul style="list-style-type: none"> <li>IPSASB ED 84: Concessionary Leases and Right-of-use Assets in Kind</li> </ul>			
		5. Transfer Expenses (PBE ED) by April 2024	 We are undergoing consultation with our advisory group informing the drafting of this ED. We anticipate this ED to be issued in Q1 2025.				
		6. Measurement (PBE ED) by June 2024	 Awaiting completion of international project. (Measurement – application phase)				




 Achieved
  Progressed
  Modified
  Delayed





Activity	Measure	Forecast 2023/24	Actual 2023/24	Actual 2022/23
		7. Assets Held for Sale (PBE ED) by June 2024	 Awaiting completion of international project. (Measurement – application phase)	
		8. Amendments to Property, Plant, and Equipment Standard (PBE ED) by June 2024	 Awaiting completion of international project. (Measurement – application phase)	
			 In addition to our forecasted projects, we also issued the following: <ul style="list-style-type: none"> <li>• IPSASB Strategy and Work programme for 2024-2028 consultation (Oct 2023)</li> <li>• IPSASB ED 85: Improvements to IPSAS 2023 (Oct 2023)</li> <li>• IPSASB ED 86: Exploration for and Evaluation of Mineral Resources (Feb 2024)</li> <li>• IPSASB ED 87: Stripping Costs in the Production Phase of Surface Mine (amendments to the IPSAS 12) (Feb 2024)</li> <li>• IPSASB ED 88 Arrangements Conveying Rights over Assets (April 2024)</li> <li>• IPSASB ED 89 Amendments to Consider IFRIC Interpretations (May 2024)</li> </ul>	
			<p><u>Domestic consultations:</u></p> <p>The following domestic EDs and other consultation documents have been issued:</p> <ul style="list-style-type: none"> <li>• Supplier Finance Arrangements (RDR) (Aug 2023)</li> <li>• PBE Tier Sizes (Oct 2023)</li> <li>• Lack of Exchangeability (RDR) (Nov 2023)</li> <li>• PBE Conceptual framework update (March 2024)</li> <li>• Mandatory date to amendments to NZ IFRS 10 and NZ IAS 28 (April 2024)</li> <li>• 2024 Omnibus Amendments to PBE Standards (May 2024)</li> </ul>	<p><u>Domestic consultations:</u></p> <p>The following domestic EDs and other consultation documents were issued:</p> <ul style="list-style-type: none"> <li>• ED PBE IPSAS 43 Leases (Aug 2022)</li> <li>• Additional surveys for charities and funders regarding ED PBE IPSAS 43 Leases (Jun 2023)</li> </ul>

 Achieved
  Progressed
  Modified
  Delayed





Activity	Measure	Forecast 2023/24	Actual 2023/24	Actual 2022/23
Issue Exposure Drafts related to the development of financial reporting standards		100% compliance with due process requirements and in accordance with New Zealand Accounting Standards Framework and PBE Policy Approach.	<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>	100% compliance
Issue financial reporting standards	<p>Timeliness</p> <p>Compliance with due process</p>	<p>Issue IASB and IPSASB standards and amending standards.</p> <p>We note that the dates specified are contingent upon the completion of the international Board.</p>	<p>9 standards issued.</p> <p>The following standards were issued during the year:</p> <p><u>IASB-based standards</u></p> <p> NZ IFRS 18: Presentation and Disclosure in Financial Statements (May 2024)</p> <p> This has not yet been published internationally. Issuance of Rate-regulated Activities has been delayed while the IASB undertakes further work.</p>	<p>10 standards issued</p> <p><u>IASB-based standards</u></p> <ul style="list-style-type: none"> <li>• Lease Liability in a Sale and Leaseback (Nov 2022)</li> <li>• Non-current Liabilities with Covenants (May 2023)</li> </ul>
		<p><u>IASB-based standards</u></p> <p>1. NZ IFRS 18: Presentation and Disclosure in Financial Statements by March 2024</p> <p>2. Rate-regulated Activities by June 2024</p>	<p><u>IASB-based standards</u></p>	<p><u>IASB-based standards</u></p>




 Achieved
  Progressed
  Modified
  Delayed

Activity	Measure	Forecast 2023/24	Actual 2023/24	Actual 2022/23
		3. Two amending standards by December 2023	<p> Supplier Finance Arrangements (amendments to NZ IFRS 7 and NZ IAS 7) (July 2023)</p> <p>Lack of Exchangeability (amendments to NZ IAS 21 and NZ IFRS 1) (November 2023)</p> <p> In addition to the forecast, we also issued the following:</p> <ul style="list-style-type: none"> <li>• International Tax Reform – Pillar II Model Rules (amendments to IAS 12) (July 2023)</li> <li>• Mandatory date of amendments to NZ IFRS 10 and NZ IAS 28 (May 2024)</li> <li>• Amendments to the Classification and Measurement of Financial Instruments (June 2024)</li> </ul>	
		<u>IPSASB-based standards</u>	<u>IPSASB-based standards</u>	<u>IPSASB-based standards</u>
		PBE Leases (aligned with IFRS 16) by December 2023	<p> Issuance of PBE IPSAS 43 Leases for the public sector has been deferred, taking into account the full NZASB work programme for public sector entities.</p> <p>For the not-for-profit sector, the project has been removed and the current lease accounting requirements will remain in place at this time.</p>	<ul style="list-style-type: none"> <li>• Public Sector Specific Financial Instruments (Non-Authoritative Amendments to PBE IPSAS 41) (Aug 2022)</li> </ul>

-  Achieved
-  Progressed
-  Modified
-  Delayed

Activity	Measure	Forecast 2023/24	Actual 2023/24	Actual 2022/23
			<p><u>Domestic standards</u></p> <p>In addition to the forecast, we also issued the following:</p> <ul style="list-style-type: none"> <li>• Supplier Finance Arrangements RDR (Jul 2023)</li> <li>• Lack of Exchangeability RDR (Jan 2024)</li> <li>• Updated PBE Tier Sizes (Mar 2024)</li> </ul>	<p><u>Domestic standards</u></p> <ul style="list-style-type: none"> <li>• Reporting Requirements for Tier 3 Not-for-Profit Entities (May 2023)</li> <li>• Reporting Requirements for Tier 3 Public Sector Entities (May 2023)</li> <li>• Reporting Requirements for Tier 4 Not-for-Profit Entities (May 2023)</li> <li>• Reporting Requirements for Tier 4 Public Sector Entities (May 2023)</li> <li>• Disclosure of Fees for Audit Firms' Services (Amendments to FRS-44) (May 2023)</li> <li>• Disclosure of Fees for Audit Firms' Services (Amendments to PBE IPSAS 1) (May 2023)</li> <li>• Insurance Contracts in the Public Sector (Jun 2023)</li> </ul>

 Achieved
  Progressed
  Modified
  Delayed

Activity	Measure	Forecast 2023/24	Actual 2023/24	Actual 2022/23
Support adoption and implementation	Quality	Issue guidance material – at least four guidance documents in response to topical issues arising during the year, and/or promote awareness of new standards.	 4 Staff Guidance documents issued and 2 Insights articles published. <ul style="list-style-type: none"> <li>• Reporting requirements for Tier 3 NFP entities</li> <li>• PBE FRS 48 Service Performance Reporting</li> <li>• Staff Guidance for small charities</li> <li>• Climate-related matters in financial statements</li> </ul>	5 Staff Guidance documents published 2 Insights articles
		Delivery of 12 webinars throughout the year based on the lifecycle of the development and implementation of accounting standards (and any emerging issues arising in practice).	 17 external engagements undertaken in the form of webinars, forums and in-person events.	6 external engagements
		At least two-thirds of attendees consider the sessions useful, based on attendee survey responses.	 In response to XRB's 2024 Stakeholder Survey an average of 67% of respondents were satisfied or very satisfied with the quality of collateral provided relating to accounting standards, and an average of 64% of respondents were satisfied or very satisfied with the quality of engagement opportunities such as webinars, forums and in-person workshops.	N/A – New measure





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

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

#### Outcome impact

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

	2023/24 Actual \$000	2023/24 Budget \$000	2022/23 Actual \$000
Revenue from Crown	1,666	1,666	1,607
Expenses	(1,459)	(1,432)	(1,194)
Attributed overhead costs	(405)	(432)	(314)
<b>Operating surplus / (deficit)</b>	<b>(198)</b>	<b>(198)</b>	<b>99</b>

#### Key highlights







##### Assurance standard for greenhouse gas disclosures



Following a period of extensive consultation and engagement with a broad range of assurance practitioners, in August 2023 we issued a temporary assurance standard (NZ SAE 1) for greenhouse gas disclosures. We developed this as a temporary standard in response to the rapidly evolving developments in sustainability assurance.








##### Audit of service performance information – alignment with the public sector

In August 2023 we issued a revised standard to audit service performance information which will be used for audits of not-for-profit entities and be the basis for the Auditor-General’s auditing standard for service performance in the public sector.

 Achieved
  Progressed
  Modified
  Delayed

Activity	Measure	Forecast 2023/24	Actual 2023/24	Actual 2022/23	
Issue domestic and international consultation documents and Exposure Drafts to support the development of auditing and assurance standards	Timeliness	Issue 6 Exposure Drafts for consultation	The following Exposure Drafts (ED) were issued for public consultation in a timely manner and in accordance with due process:	4 Exposure Drafts issued for public consultation:	
	Due process: 100% compliance with due process as described in EG Au2 Overview of Auditing and Assurance Standard Setting process	<u>Domestic</u>	Review of service performance information by June 2024	 A consultation document and exposure draft on a Review of Service Performance Information was issued in April 2024, along with a virtual feedback forum to solicit views.	<ul style="list-style-type: none"> <li>Audit Evidence</li> <li>Audit of Service Performance Information</li> <li>Assurance Engagements over GHG Emissions</li> <li>Going Concern</li> </ul>
		<u>IAASB</u>	Sustainability assurance by December 2023	 Sustainability assurance consultation document published in November 2023.	
			Fraud by June 2024	 Sought feedback on the IAASB's Fraud ED from February 2024.	
			Audits of less complex entities by June 2024	 A survey was conducted on whether the XRB should adopt the new international standard. An advisory group was established to inform the development of the New Zealand chapter on service performance information. The Exposure Draft is expected to be issued in August 2024.	
		<u>IESBA</u>	Ethical and independence requirements for sustainability assurance by January 2024	 Ethical and independence requirements for sustainability assurance (January 2024)	
			Use of experts by January 2024	 Use of experts (January 2024)	

 Achieved
  Progressed
  Modified
  Delayed

Activity	Measure	Forecast 2023/24	Actual 2023/24	Actual 2022/23
Issue auditing and assurance standards	Timeliness  Due process: 100% compliance with due process, including harmonisation and convergence policy	Issue Auditing and Assurance standards  <u>Domestic</u>  Assurance engagements over greenhouse gas (GHG) emission disclosures by September 2023	The following standards were issued in a timely manner in accordance with due process:  <u>Domestic</u>   Assurance engagements over greenhouse gas (GHG) emission disclosures standard issued in August 2023.   The development of this standard is an exception to XRB's policy described in EG Au2. This was an intentional strategy since we have referenced international assurance standards from various sources and wanted to ensure a broad range of assurance practitioners could participate. In addition, we developed this as a temporary standard, in response to evolving developments in sustainability assurance.	5 standards or amendments to the standards issued:  <ul style="list-style-type: none"> <li>• Revisions to the Definition of Public Interest Entity</li> <li>• Amendments to PES 1: Quality Management-related Conforming Amendments and other Contextual Amendments to the Code</li> <li>• Amendments to PES 1: Revisions to the Definition of Engagement Team and Group Audits</li> <li>• Amendments to PES 1: Technology-related Revisions</li> <li>• Assurance over Financial Information Prepared in Connection with a Capital Raising</li> </ul>
		Audit of service performance information by September 2023	 Issued revised standard on audit of service performance information in July 2023. Due process for a domestic standard complied with.	
		<u>IAASB</u>  Narrow scope amendments to operationalise transparency requirements by December 2023	<u>IAASB</u>   Issued narrow scope amendments to ISAs (NZ) due to public interest entity revisions in November 2023. Due process complied with.	

✔ Achieved   
 → Progressed   
 ↕ Modified   
 ⏸ Delayed

Activity	Measure	Forecast 2023/24	Actual 2023/24	Actual 2022/23
Support adoption and implementation by publishing guidance material which responds to topical and/or emerging issues	Timeliness throughout lifecycle of development and implementation	Issue guidance on the following: <ul style="list-style-type: none"> <li>• GHG assurance by June 2024</li> <li>• Audit of service performance information by June 2024</li> </ul>	<span style="color: green;">✔</span> The following publications were issued: <ul style="list-style-type: none"> <li>• 4 Staff Guidance documents on greenhouse gas assurance (3 in November 2023, and 1 in February 2024)</li> <li>• 2 fact sheets on audit of service performance information (July and October 2023)</li> <li>• 1 research report on trust and confidence (September 2023)</li> </ul>	7 publications
Conduct external engagements in the form of webinars, events and forums to promote awareness and support the adoption of standards (and address any emerging issues arising in practice)	Quality: At least two-thirds of attendees consider the sessions useful	5 webinars, including 2 Need to Know general updates, and 1 webinar for final standards issued (5x sessions by December 2023).  7 feedback forums, including one for each of the planned Exposure Drafts, and two separate events for sustainability ethical matters (7x sessions by June 2024).	<span style="color: green;">✔</span> 4 Webinars, including 2 Need to Know general updates and 1 deep dive webinar for each final standard issued. 12 feedback forums, focus groups or panel discussions for Exposure Drafts, 4 events hosting International Standards Board members, 5 externally hosted webinars and events providing general assurance updates. 2 co-hosted workshops for discussions on SPI reporting and assurance.  In response to XRB's Stakeholder Survey 2024, 75% of respondents were satisfied or very satisfied with the quality of collateral provided relating to audit and assurance standards, and 74% of respondents were satisfied or very satisfied with the quality of engagement opportunities via, e.g., webinars, forums and in-person workshops.	8 external engagements



## Output 4: Prepare and issue climate standards and issue non-binding guidance that relates to non-financial reporting

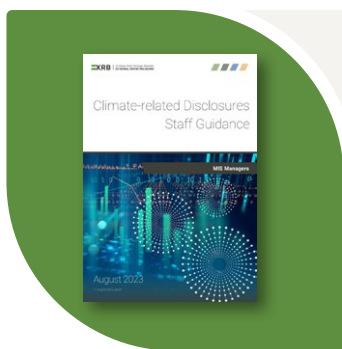
This output is about the work we do in setting mandatory climate reporting standards, voluntary sustainability reporting guidance, and engaging with stakeholders on sustainability reporting. In using the term ‘sustainability reporting’, the XRB means to encompass all non-financial reporting topics, including, but not limited to, topics such as climate change, biodiversity and human rights, also known in some areas as ‘impact reporting’.

### 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.

	2023/24 Actual \$000	2023/24 Budget \$000	2022/23 Actual \$000
Revenue from Crown	2,278	2,278	2,519
Expenses	(1,636)	(1,959)	(1,914)
Attributed overhead costs	(553)	(591)	(523)
<b>Operating surplus / (deficit)</b>	<b>89</b>	<b>(272)</b>	<b>82</b>

### Key highlights







#### Guiding good climate disclosures




Two new Staff Guidance documents were published to support climate reporting entities. A transition planning one pager which poses a series of questions to help entities get started on transition planning and updated guidance for MIS managers which explores strategic approaches to disclosures that enhance transparency and contribute to informed decision making.









#### Development of a non-financial reporting framework

Our work to develop a non-financial reporting framework made significant progress this year with the XRB Board approving the draft framework to be trialled with Māori reporting entities. To date 12 entities are working with the draft framework for a 12-month period. The framework was also profiled at the First Nations Major Projects Coalition Conference in Toronto, Canada by April Mackenzie and Deputy Chair of the SRB, Joe Hanita.

 Achieved
  Progressed
  Modified
  Delayed

Activity	Measure	Forecast 2023/24	Actual 2023/24	Actual 2022/23
Issue documents to support adoption and implementation	Quality: Stakeholder engagement has informed the content and quality of these documents	Issue at least three Staff Guidance documents to support Aotearoa New Zealand Climate Standards (guidance specific to banks, insurers, and the public sector).	 Four Staff Guidance documents were developed (drawing on stakeholder input): <ul style="list-style-type: none"> <li>• Sector-level scenario analysis</li> <li>• Guidance for managers of registered investment schemes (MIS Managers)</li> <li>• Transition planning: Questions to get started</li> <li>• Entity-level scenario analysis</li> </ul> Planned development of guidance for banks and insurers was not progressed as stakeholders indicated specific guidance was not required. Guidance specific to the public sector is on hold while we are participating in the International Public Sector Accounting Standards Board (IPSASB) climate topic working group to establish a climate-specific public sector reporting standard.	One Staff Guidance document issued (Guidance for All Sectors)
Conduct external engagements in the form of webinars, events and forums to promote awareness and support the adoption of standards (and address any emerging issues arising in practice)	At least two-thirds of attendees consider the sessions useful	Support the implementation of Aotearoa New Zealand Climate Standards by hosting a series of online and in-person sessions about the final disclosure requirements (at least four sessions by December 2023).	 Three public webinars were held in October 2023. Post-event surveys showed more than two-thirds of respondents gave the sessions a positive feedback rating of 5 out of 5 stars. Two additional invitation-only sessions specific to the disclosure requirements with the Treasury, and with Crown Financial Institutions, were held in November 2023. No post-event surveys were undertaken for these sessions. A walk-through webcast on the General Requirements standard (NZ CS 3) was published in June 2024.	Participation in approximately 250 external engagements
	At least two-thirds of attendees consider the community of practice to be positively benefiting their work	Support the implementation of Aotearoa New Zealand Climate Standards by convening a sector-level scenario analysis community of practice (two sessions, approximately one every six months) to coordinate information sharing between the leads of sector-level scenario analysis projects.	 One community of practice session was held in October 2023. The session received an overall positive feedback rating of 4.9 out of 5 stars. Only one session was held due to a focus on supporting individual sector-level scenario processes, with the community of practice reforming for further events in 24/25.	N/A – New work

 Achieved
  Progressed
  Modified
  Delayed

Activity	Measure	Forecast 2023/24	Actual 2023/24	Actual 2022/23
Compare domestic climate standards with other international equivalent standards	Stakeholders consider that the comparison document clearly explains any differences in the respective disclosure requirements	By December 2023, issue a comparison document, comparing Aotearoa New Zealand Climate Standards with the International Sustainability Standards Board's S2 climate standard.	 A comparison document was published in October 2023. Stakeholder feedback indicated the document is relevant for climate reporting entities, particularly those with an international connection.	N/A – New work
Develop a non-financial reporting framework	Pilot successfully underway	Pilot a beta version of a reporting framework drawn from the Ngā pou o te kawa ora project, with at least three Māori reporting entities.	 Eight Māori reporting entities have committed to pilot the beta version of the reporting framework from the Ngā pou o te kawa ora project. The pilot is successfully underway, with all eight entities having completed kick-off hui with XRB staff and a member of the Kaitiaki Group.	N/A – The beta version of the reporting framework was still under development.
Develop a non-financial reporting framework	Information shared by event participants directly informs the content of the framework	Convene an event to inform the development of the XRB's non-mandatory sustainability reporting framework.	 A wānanga was convened with technical advisors who provided feedback and advice on the content of the reporting framework. The beta version of the reporting framework changed because of the insights shared by the technical advisors at this wānanga.	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.



## Output 5: Liaise with and influence international bodies

This output is about the activities we undertake to influence the work of the international boards during appropriate stages of standards development to ensure high-quality global standards that are in the public interest globally and relevant to New Zealand. This requires ensuring New Zealand perspectives are well understood by international standard setters, relevant standards are aligned with Australia, and with international direction and developments. International standard-setting decisions are typically undertaken over multiple years. For this reason, assessing the degree to which our presence at various meetings has influenced individual outcomes can be challenging. However, maintaining strong engagement by contributing to debates builds New Zealand’s reputation as a credible and expert standard setter in the international community.

### Outcome impact

By influencing the work of international standard-setting boards, we aim to ensure that 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.

	2023/24 Actual \$000	2023/24 Budget \$000	2022/23 Actual \$000
Revenue from Crown	1,492	1,492	1,204
Expenses	(1,318)	(1,282)	(1,408)
Attributed overhead costs	(362)	(387)	(231)
<b>Operating surplus / (deficit)</b>	<b>(188)</b>	<b>(177)</b>	<b>(435)</b>



### Ensuring New Zealand perspectives are heard

A visit to New Zealand from Dr Andreas Barckow, Chair of the International Accounting Standards Board (IASB), was an opportunity for stakeholders to hear about key IASB projects and share views on the IASB’s priorities, providing New Zealand stakeholders with an opportunity to influence the direction of international standard setting.



### Influencing ethical requirements for sustainability assurance

We hosted Mark Babington, who is the Director of the UK Financial Reporting Council and the Sustainability Task Force Chair of the International Ethics Standards Board for Accountants (IESBA), in New Zealand. The visit was an opportunity to connect a range of practitioner perspectives into developing ethical and independence requirements for assurance engagements over sustainability-related information.









### **Exploring the direction of travel for assurance over non-financial information**






The Chair of the International Auditing and Assurance Standards Board (IAASB), Tom Seidenstein, visited New Zealand in February this year and spoke to a diverse audience about the IAASB's work to support audit quality, and sustainability assurance. Two XRB hosted roundtables provided opportunity for practitioners, regulators and interested parties to engage directly.









### **The key international and Australian bodies and forums we seek to engage with and influence are:**





Asian-Oceanian Standard-Setters Group (AOSSG)  
 Australian Accounting Standards Board (AASB)  
 Australian Auditing and Assurance Standards Board (AUASB)  
 Financial Reporting Council (FRC - Australia)  
 International Accounting Standards Board (IASB)  
 International Auditing and Assurance Standards Board (IAASB)  
 International Ethical Standards Board for Accountants (IESBA)  
 International Federation of Accounting Standard Setters (IFASS)  
 International Financial Reporting for Non-Profit Organisations (IFR4NPO)  
 International Organization for Standardization (ISO)  
 International Public Sector Accounting Standards Board (IPSASB)  
 International Sustainability Standards Board (ISSB)



 Achieved
  Progressed
  Modified
  Delayed



Activity	Measure	Forecast 2023/24	Actual 2023/24	Actual 2022/23
Membership on International Boards	Quality	New Zealand membership on the following international Boards: <ul style="list-style-type: none"> <li>IAASB</li> <li>IPSASB</li> <li>AASB</li> <li>AUASB</li> </ul>	 IAASB: Greg Schollum IPSASB: Angela Ryan (from January 2024) AASB: Carolyn Cordery AUASB: Marje Russ	IAASB: Greg Schollum (from January 2023) IPSASB: Todd Beardsworth AASB: Carolyn Cordery AUASB: Marje Russ
Maintain international alignment and harmonisation (including with Australia)	Quality	Tier 1 and Tier 2 PBE standards that are issued in New Zealand are mainly based on IPSASB standards.	 Tier 1 and Tier 2 PBE Standards issued in New Zealand (to date) are primarily based on IPSASB standards.	N/A – New measure
		Tier 1 for-profit entity standards are aligned with IFRS and harmonised with Australia.	 Tier 1 for-profit entity standards are aligned with Australia and IFRS. The 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	Tier 1 for-profit entity standards are aligned with Australia and IFRS
		AUASB is informed of New Zealand developments and areas of difference (if any).	 The Chair of the NZAuASB remains cross-appointed to the AUASB. This appointment promotes trans-Tasman harmonisation of assurance standards and cooperation on projects of mutual interest.	Achieved
Participate in relevant international boards meetings, working groups and task forces	Quality	Achieve selection on task forces/ working groups for high priority projects, including: <ul style="list-style-type: none"> <li>Audit Evidence Task Force (IAASB)</li> <li>Going Concern Task Force (IAASB)</li> <li>Sustainability Advisory Panel (IAASB)</li> </ul>	 Greg Schollum appointed to the Audit Evidence Task Force (IAASB) Greg Schollum appointed to the Going Concern Task Force (IAASB) Marje Russ participated in the Sustainability Advisory Panel (IAASB)	Greg Schollum was appointed to Going Concern and Audit evidence Task Forces.




 Achieved
  Progressed
  Modified
  Delayed





Activity	Measure	Forecast 2023/24	Actual 2023/24	Actual 2022/23
		<ul style="list-style-type: none"> <li>Sustainability Task Force (IAASB)</li> </ul>	 <p>We did not achieve selection for the Sustainability Task Force (IAASB) however Greg Schollum was appointed to Fraud Task Force (IAASB)</p> <p>In addition Angela Ryan was appointed to the Presentation of Financial Statements Task Force (IPSASB)</p>	<p>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</p> <p>N/A New Measure</p>
		Participation in relevant international board meetings, regional groups and task forces, including:		
		World Standard Setters (Accounting) by September 2023	 The Chair of NZASB and XRB staff attended and contributed to the meetings held on 25-26 September and presented at a panel discussion on Subsidiaries without Public Accountability.	Attended and contributed
		The International Forum of Accounting Standards Setters (IFASS) by September 2023 and April 2024	 The Chair of NZASB and XRB staff attended the meetings held 26-27 September 2023 and 17-19 April 2024 respectively. At the September event we presented our research on intangible assets and participated in a panel discussion IFRS 15. <p>At the April session, we participated in a panel discussion and presented on IFRS 19.</p>	Attended and contributed
		The Asian Oceanian Standard Setters Group (AOSSG) by September and November 2023	 The NZASB Chair and XRB staff attended meetings held on 24 September 2023 and 20-22 November 2023 respectively. <p>We presented on Going Concern, materiality and on the PIR process in New Zealand.</p>	Attended and contributed
		The National Standard Setters (Audit and Assurance) by May 2024	 XRB staff attended meetings held in May 2024. Topics discussed included opportunities for collaboration, jurisdictional developments, including on ISA for less complex entities, sustainability assurance, technology, risk response, audit evidence, firm culture and governance and collective investment vehicles.	Attended and contributed




 Achieved
  Progressed
  Modified
  Delayed

Activity	Measure	Forecast 2023/24	Actual 2023/24	Actual 2022/23
Respond to international requests for comment to ensure New Zealand perspectives are well understood and reflected in international standards	Timeliness	Make submissions across the following reporting areas:		
	Quality	Financial reporting: 5		
		<p><u>IASB</u></p> <ul style="list-style-type: none"> <li>Amendments to the Classification and Measurement of Financial Instruments</li> <li>Request for Information: (RFI): PIR IFRS 9 (Impairment)</li> <li>Request for Information: PIR IFRS 15</li> <li>Financial Instruments with Characteristics of Equity</li> </ul>	<p> Submitted feedback on the following 9 EDs/other consultation documents:</p> <ul style="list-style-type: none"> <li>IASB ED <i>Amendments to the Classification and Measurement of Financial Instruments</i> (Jul 2023)</li> <li>IASB RFI Post-Implementation Review of IFRS 9 <i>Financial Instruments – Impairment</i> (Sep 2023)</li> <li>IASB RFI Post-Implementation Review of IFRS 15 <i>Revenue from Contracts with Customers</i> (Oct 2023)</li> <li>IASB ED <i>Financial Instruments with Characteristics of Equity</i> (Mar 2024)</li> </ul> <p>Other responses sent but not included in the forecast:</p> <ul style="list-style-type: none"> <li>Tentative IFRIC agenda decision <i>Climate-related Commitments</i> (Feb 2024)</li> <li>Pollutant pricing mechanisms – response to questionnaire (Mar 2024)</li> </ul>	<p>Submitted feedback on the following 3 EDs/ other consultation documents:</p> <ul style="list-style-type: none"> <li>IASB ED <i>Third Edition of the IFRS for SMEs Accounting Standard</i> (Feb 2023)</li> <li>IPSASB Consultation Paper <i>Natural Resources</i> (Oct 2022)</li> <li>IPSASB ED 84 <i>Concessionary Leases and Right-of-Use Assets In-kind</i> (May 2023)</li> </ul>
		<p><u>IPSASB</u></p> <ul style="list-style-type: none"> <li>IPSASB’s Consultation Paper on its Strategy and Work Programme for 2024–2028</li> </ul>	<p> Submitted feedback on the following 9 EDs/other consultation documents:</p> <ul style="list-style-type: none"> <li>IPSASB Strategy and Work Programme 2024–2028 Consultation (Feb 2024)</li> </ul> <p>Other responses sent but not included in the forecast:</p> <ul style="list-style-type: none"> <li>IPSASB ED 88 <i>Arrangements Conveying Rights over Assets</i> (May 2024)</li> <li>IPSASB ED 89 <i>Amendments to Consider IFRIC Interpretations</i> (Jun 2024)</li> </ul>	

 Achieved
  Progressed
  Modified
  Delayed

Activity	Measure	Forecast 2023/24	Actual 2023/24	Actual 2022/23
		Auditing and Assurance: 5 <u>IAASB</u> <ul style="list-style-type: none"> <li>• Going Concern</li> <li>• Sustainability Assurance</li> <li>• Fraud</li> </ul> <u>IESBA</u> <ul style="list-style-type: none"> <li>• Use of experts</li> <li>• Ethical and independence requirements for sustainability assurance</li> </ul> Sustainability reporting: 1 <u>ISSB</u> <ul style="list-style-type: none"> <li>• Sustainability disclosure taxonomy</li> </ul>	 <u>IAASB</u> <ul style="list-style-type: none"> <li>• Going Concern in August 2023</li> <li>• Sustainability Assurance in December 2023</li> <li>• Narrow scope amendments to ISAs and other standards in April 2024</li> <li>• Fraud submission in June 2024</li> </ul> <u>IESBA</u> <ul style="list-style-type: none"> <li>• Use of experts in April 2024</li> <li>• Ethical and independence requirements for sustainability assurance in May 2024</li> </ul>  <u>ISSB</u> <ul style="list-style-type: none"> <li>• Agenda priorities in August 2023</li> <li>• Enhancing the international applicability of the SASB® standards in August 2023</li> <li>• Sustainability disclosure taxonomy in September 2023</li> </ul>	Submitted feedback on the following 4 EDs/ other consultation documents <ul style="list-style-type: none"> <li>• Audit Evidence</li> <li>• Going Concern</li> <li>• Narrow scope amendments to operationalise the IESBA transparency requirement in the code</li> <li>• IAASB Strategy and Work Plan 2024-2027</li> <li>• Submitted feedback on IESBA Strategy and Work Plan consultation documents</li> </ul> N/a New Measure
Undertake international engagements with senior representatives of international Boards	Timeliness	Meet with senior representatives of international Boards, including hosting senior delegates in New Zealand:  Chair of the IAASB	 We hosted Tom Seidenstein in New Zealand in February for two days. As well as meeting with the NZAuASB and XRB staff, we hosted two roundtables about “supporting audit quality” and “the direction of travel for assurance over non-financial information”.	

 Achieved
  Progressed
  Modified
  Delayed

Activity	Measure	Forecast 2023/24	Actual 2023/24	Actual 2022/23
		Chair of the IESBA Sustainability Task Force and Director of the UK FRC	 We hosted Mark Babington in New Zealand for three days in November. As well as meetings with the XRB board and NZAuASB, we hosted a roundtable discussion with a broad range of practitioners, as well as a webinar panel discussion on ethics, independence and sustainability assurance.	<ul style="list-style-type: none"> <li>• Met with the IESBA Chair and staff to discuss our GHG assurance project</li> <li>• Wrote a joint letter with the Accounting Professional &amp; Ethical Standards Board to the IESBA</li> <li>• Participated at the IESBA Sydney roundtable discussions</li> </ul>
		Chair of the IASB	 We hosted Dr Andreas Barckow, Chair of the IASB, in New Zealand for a week of external engagements. As well as one-on-one meetings with the XRB Chair and NZASB, we hosted a regulatory roundtable, two CFO-targeted events, a webinar aimed at the broader reporting community, and a panel discussion on the role of reporting in capital markets aimed at Audit and Risk Committee Chairs and Directors.	Liaison occurred through XRB attendance at IFASS and AOSSG meetings.
		Chair of the IPSASB	 Ian Carruthers virtually presented at the NZASB meeting on 15 February 2024. The XRB Chief Executive met with Ian Carruthers in April 2024.  The NZASB Chair and Director Accounting Standards virtually attended a meeting with Ian Carruthers on 22 May 2024 to discuss emerging accounting issues.	Ian Carruthers presented virtually at the NZASB meeting in February 2023.



## Broader global engagements

In addition to attending the key meetings with international standard setting bodies outlined above, senior XRB representatives (including the XRB Chair, NZASB and NZAuASB Chairs' and CE) have met with a broad range of international and jurisdictional organisations to discuss matters related to sustainability, financial reporting and audit and assurance. These engagements provide a valuable opportunity to build relationships, share a New Zealand perspective and gain insights into how other jurisdictions are responding to new and emerging issues.

- Accounting for Sustainability
- American Institute of Certified Public Accountants
- Autorité des Normes Comptables (French private sector standard setter)
- Canadian Accounting Standards Board
- Canadian Auditing and Assurance Standards Board
- Capitals Coalition
- European Financial Reporting Advisory Group
- Global Reporting Initiative
- HM Treasury (UK)
- IFRS Foundation
- Institute of Chartered Accountants in England and Wales
- International Sustainability Standards Board
- Just Transition Finance Lab
- Korean Accounting Standards Board
- Le Conseil de normalisation des comptes publics (French public sector standard setter)
- Malaysia Accounting Standards Board
- Public Interest Oversight Board
- UK Accreditation Service
- UK Endorsement Board
- UK Financial Conduct Authority
- UK Financial Reporting Council
- UK Transition Plan Taskforce
- US Securities and Exchange Commission



## Te tauaki noho haepapa

# Statement of responsibility

In terms of the Crown Entities Act 2004, the Board is responsible for preparing the External Reporting Board's financial statements and the statement of performance, and for the judgements made in them. The Board is responsible for any year-end performance information provided by the External Reporting Board under section 19A of the Public Finance Act 1989.

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

In the Board's opinion, these financial statements and statement of performance fairly reflect the financial position and operations of the External Reporting Board for the year ended June 2024.



**Michele Embling**  
Chair



**Fergus Welsh**  
Temporary Deputy Chair (from July 2024)





# Ngā Takaki pūtea

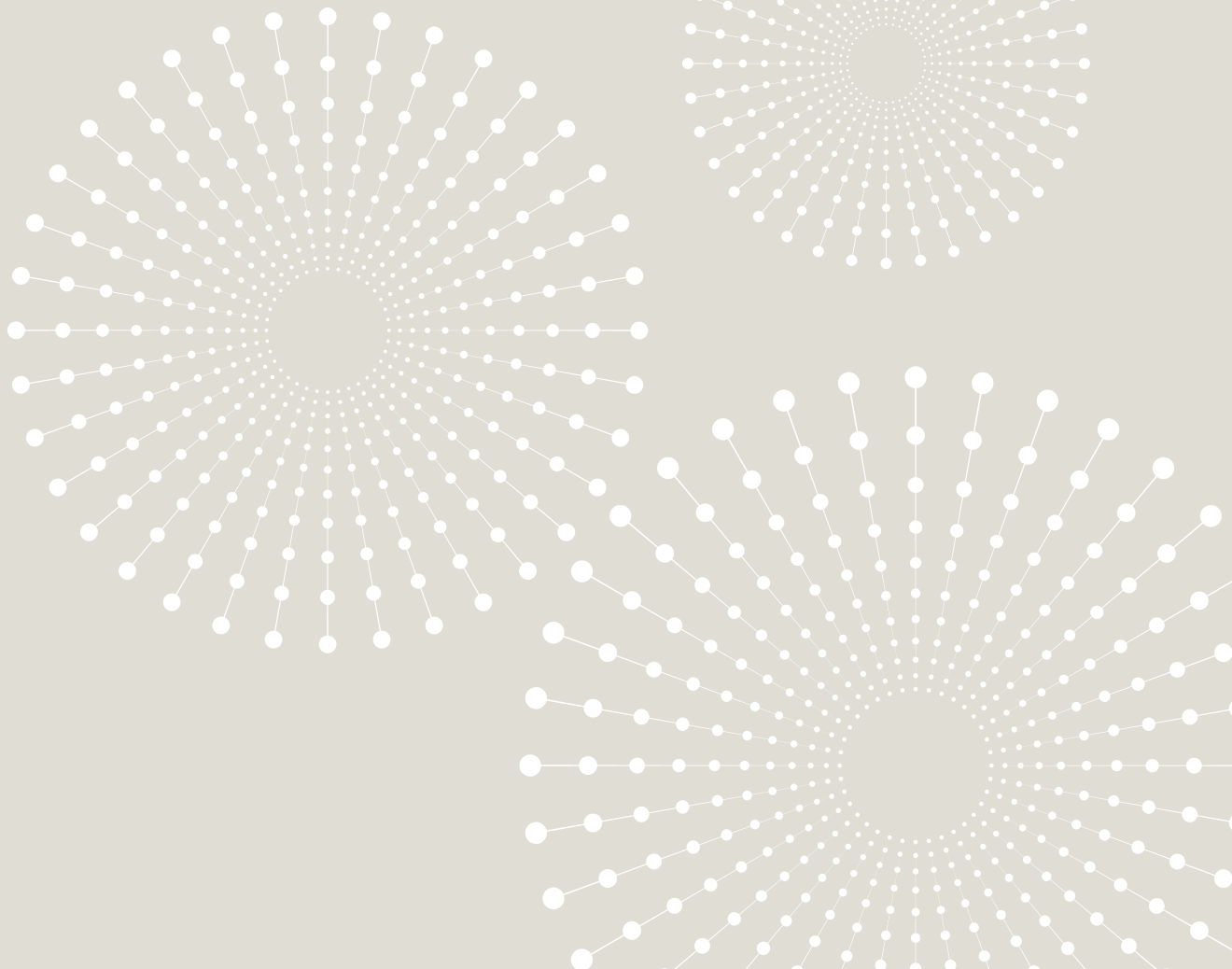
# Financial Statements

FOR THE YEAR ENDED 30 JUNE 2024

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# Te tauaki whiwhinga, whakapaunga whānui

## Statement of comprehensive revenue and expenses

For the year ended 30 June

	Notes	Actual 2024 \$000	*Budget 2024 \$000	Actual 2023 \$000
<b>Total revenue</b>	<b>5,27</b>	<b>9,059</b>	<b>8,880</b>	<b>8,820</b>
Personnel costs	6,27	(5,741)	(6,005)	(5,045)
Fees to board members (meeting fees and project fees)	7,8,27	(751)	(841)	(764)
Travel	27	(693)	(792)	(616)
International contributions		(609)	(553)	(765)
Depreciation, amortisation and impairment	12,13	(74)	(78)	(68)
General operating costs	9,27	(1,335)	(1,499)	(1,356)
<b>Total expenses</b>		<b>(9,203)</b>	<b>(9,768)</b>	<b>(8,614)</b>
<b>Total comprehensive revenue and expenses</b>		<b>(144)</b>	<b>(888)</b>	<b>206</b>

\*Budget figures are unaudited but are taken from the Statement of Performance Expectations.

Explanations of major variances to budget are provided in Note 27.

The statement of accounting policies and the notes to the financial statements 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 2023	725	4,880	5,605
Total comprehensive revenue and expenses	-	(144)	(144)
Return of retained earnings to the Crown	-	(1,100)	(1,100)
<b>Balance at 30 June 2024</b>	<b>725</b>	<b>3,836</b>	<b>4,361</b>

\*Budget figures are unaudited but are taken from the Statement of Performance Expectations.

Explanations of major variances to budget are provided in Note 27.

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

# Te tauaki tūnga pūtea

## Statement of financial position

As at 30 June

	Notes	Actual 2024 \$000	*Budget 2024 \$000	Actual 2023 \$000
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	10	515	518	555
Receivables and prepayments	14	83	63	127
Investments	11,27	5,237	3,969	5,493
<b>Total current assets</b>		<b>5,835</b>	<b>4,550</b>	<b>6,175</b>
<b>Non-current assets</b>				
Property, plant & equipment	12	261	240	109
Intangible assets	13	3	-	13
<b>Total non-current assets</b>		<b>264</b>	<b>240</b>	<b>122</b>
<b>Total assets</b>		<b>6,099</b>	<b>4,790</b>	<b>6,297</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Payables and accruals	15	(277)	(316)	(450)
Return of retained earnings to Crown	27	(1,100)	-	-
Employee entitlements	16	(221)	(182)	(222)
Provisions	17	(100)	-	(20)
<b>Total current liabilities</b>		<b>(1,698)</b>	<b>(498)</b>	<b>(692)</b>
<b>Non-current liabilities</b>				
Provisions	17	(40)	(20)	-
<b>Total non-current liabilities</b>		<b>(40)</b>	<b>(20)</b>	<b>-</b>
<b>Total liabilities</b>		<b>(1,738)</b>	<b>(518)</b>	<b>(692)</b>
<b>Net assets</b>		<b>4,361</b>	<b>4,272</b>	<b>5,605</b>
<b>Equity</b>				
Contributed capital		725	725	725
Accumulated surplus		3,636	3,547	4,880
<b>Total equity</b>		<b>4,361</b>	<b>4,272</b>	<b>5,605</b>

\*Budget figures are unaudited but are taken from the Statement of Performance Expectations.

Explanations of major variances to budget are provided in Note 27.

The statement of accounting policies and the notes to the financial statements 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 2024 \$000	*Budget 2024 \$000	Actual 2023 \$000
<b>Cash flows from operating activities</b>			
Receipts from the Crown	8,730	8,730	8,627
Interest from investments	329	150	193
Payments to personnel	(5,642)	(5,990)	(4,990)
Payments to suppliers	(2,871)	(3,121)	(2,693)
International contributions	(609)	(553)	(765)
Goods and services tax (net)	(12)	-	2
<b>Net cash flows from operating activities</b>	<b>(75)</b>	<b>(784)</b>	<b>374</b>
<b>Cash flows from investing activities</b>			
Investments	256	1,002	(175)
Purchase of property, plant & equipment	(221)	(150)	(55)
<b>Net cash flows from, investing activities</b>	<b>35</b>	<b>852</b>	<b>(230)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(40)</b>	<b>68</b>	<b>144</b>
Cash and cash equivalents at the beginning of the year	555	450	411
<b>Cash and cash equivalents at end of the year</b>	<b>515</b>	<b>518</b>	<b>555</b>

\*Budget figures are unaudited but are taken from the Statement of Performance Expectations.

Explanations of major variances to budget are provided in Note 27.

The statement of accounting policies and the notes to the financial statements 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 2024 and were approved by the XRB Board on 17th September 2024.

#### 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.

#### 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 8th May 2023.

The budget figures have been prepared in accordance with accounting policies that are consistent with those adopted in the 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. None of the estimates and assumptions made are regarded as being significant.

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

## 4. Changes in accounting policy

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

## 5. Revenue

For the year ended 30 June	Actual 2024 \$000	Actual 2023 \$000
Funding from the Crown	8,730	8,627
Interest revenue	329	193
<b>Total revenue</b>	<b>9,059</b>	<b>8,820</b>

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 2024 \$000	Actual 2023 \$000
Salaries and contractors	5,258	4,689
Contributions to defined contribution plans	145	126
(Decrease)/Increase in annual leave provision	(1)	55
Other personnel costs	339	175
<b>Total personnel costs</b>	<b>5,741</b>	<b>5,045</b>

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. Public servants and members from Australia are not remunerated.

No Board members received compensation or other benefits in relation to cessation (2023: 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.

<b>XRB Board</b>	<b>Actual 2024 \$</b>	<b>Actual 2023 \$</b>
Michael Bradbury	29,470	21,280
Jacqueline Cheyne	33,108	37,695
Michele Embling – Chair	144,143	127,215
Julia Fink – retired June 2024 (non-remunerated role from April 2024)	20,900	34,525
John Kensington	24,510	20,995
Andrew Mills – Australian FRC (non-remunerated role)	-	-
Sheree Ryan	31,635	32,490
Jane Taylor - Deputy Chair	25,950	28,058
Fergus Welsh (non-remunerated role)	-	-
<b>Total Board fees</b>	<b>309,716</b>	<b>302,258</b>

Member fees vary in some instances where board members work on advisory groups and other projects including Ngā pou te kawa ora, Climate and Nominations committee.



## 8. Technical board remuneration

The XRB has three technical boards – the New Zealand Accounting Standards Board (NZASB), the New Zealand Auditing and Assurance Board (NZAuASB) and the newly established Sustainability Reporting Board (SRB) from 1st June 2024. Technical board members are paid a daily rate for preparation and attendance at Board meetings. The daily rate is determined by the Remuneration Authority. Public servants and members from Australia are not remunerated.

<b>NZASB</b>	<b>Total 2024 \$</b>	<b>Total 2023 \$</b>
Michael Bradbury - Deputy Chair	22,610	25,080
Francis Caetano	18,070	20,676
Carolyn Cordery - Chair	118,180	112,860
Denise Hodgkins – retired December 2023	11,120	17,375
Keith Kendall – AASB (non-remunerated role)	-	-
Richard Perry	18,070	17,433
Richard Smyth	15,250	19,587
Jason Stinchcombe	16,680	16,854
Lara Truman	18,070	16,680
Warwick White (non-remunerated role)	-	-
<b>Total technical board fees - NZASB</b>	<b>238,050</b>	<b>246,545</b>

<b>NZAuASB</b>	<b>Total 2024 \$</b>	<b>Total 2023 \$</b>
David Hay	18,765	14,595
John Kensington – Deputy Chair	19,000	22,055
Richard Kirkland	18,765	17,375
Mark Maloney (non-remunerated role)	-	-
Doug Niven – AUASB (non-remunerated role)	-	-
Marje Russ - Chair	92,720	124,830
Vasana Vanpraseuth	22,761	18,765
Wendy Venter	17,723	18,070
<b>Total technical board fees - NZAuASB</b>	<b>189,734</b>	<b>215,690</b>

<b>SRB (from 1<sup>st</sup> June 2024)</b>	<b>Total 2024 \$</b>
Jacqueline Cheyne	1,520
Joe Hanita – Deputy Chair	4,170
Becky Lloyd - Chair	7,600
<b>Total technical board fees - SRB</b>	<b>13,290</b>

## 9. General operating costs

<b>For the year ended 30 June</b>	<b>Actual 2024 \$000</b>	<b>Actual 2023 \$000</b>
Auditor fees for external audit	47	41
Loss on disposal/impairment of fixed assets	5	49
Operating lease expenses	335	200
ICT costs	374	222
Professional fees	69	542
Communications and engagement	118	128
Other operating expenses	387	174
<b>Total general operating costs</b>	<b>1,335</b>	<b>1,356</b>

Changes in general operating costs include:

- Operating lease expenses have increased with the move of the Wellington head office into a larger space and ensuring it meets the needs for our work and employees.
- ICT costs in 2024 include costs for digitising our standards.
- Professional fees for 2023 included work for external contractors on Ngā pou o te kawa ora.
- Other operating costs expenses in 2024 include research costs for the effectiveness evaluation of the climate-related disclosure framework.

## 10. Cash and cash equivalents

As at 30 June	Actual 2024 \$000	Actual 2023 \$000
Cash on hand	-	4
Cash in current account	443	149
Cash on call	72	402
<b>Total cash and cash equivalents</b>	<b>515</b>	<b>555</b>

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

## 11. Investments

As at 30 June	Rate	Maturity	Actual 2024 \$000	Actual 2023 \$000
BNZ Term deposits	2.75% to 4.20%	July 2024	5,237	-
BNZ Term deposits	4.50% to 5.55%	July 2023 to Dec 2023	-	5,493
<b>Total investments</b>			<b>5,237</b>	<b>5,493</b>

Investments in bank deposits are initially measured at the amount invested. After initial recognition, investments in bank deposits are measured at amortised cost using the effective interest rate method, less any provision for impairment. The carrying amount of term deposits approximates their fair value. The BNZ has an AA- rating with Standard and Poors and as such any impairment would not be material.

## 12. Property, plant and equipment

\$000	Furniture and Fittings	Plant and Equipment	Property Improvements	Computer Equipment	Total
<b>Cost</b>					
Opening Balance	169	17	-	276	462
Additions	50	0	93	78	221
Disposals/Impairment	(22)	(6)	-	(33)	(61)
<b>Closing Balance</b>	<b>197</b>	<b>11</b>	<b>93</b>	<b>321</b>	<b>622</b>
<b>Accumulated Depreciation</b>					
Opening Balance	119	17	-	217	353
Depreciation	9	0	9	46	64
Disposals/Impairment	(17)	(6)	-	(33)	(56)
<b>Closing Balance</b>	<b>111</b>	<b>11</b>	<b>9</b>	<b>230</b>	<b>361</b>
<b>Carrying Amounts</b>					
<b>At 30 June 2024</b>	<b>86</b>	<b>-</b>	<b>84</b>	<b>91</b>	<b>261</b>
<b>At 30 June 2023</b>	<b>50</b>	<b>-</b>	<b>-</b>	<b>59</b>	<b>109</b>

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% (2023: 40%)
» Furniture and fittings	10.5% (2023:10.5%)
» Plant and equipment	30% (2023: 30%)
» Property improvements	14.3% (2023: 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.

## 13. Intangible assets

\$000	Computer Software	Website	Total
<b>Cost</b>			
Opening Balance	17	34	51
Additions	-	-	-
Disposals	(5)	-	(5)
<b>Closing Balance</b>	<b>12</b>	<b>34</b>	<b>46</b>
<b>Accumulated Amortisation</b>			
Opening Balance	15	23	38
Amortisation	1	9	10
Disposals	(5)	-	(5)
<b>Closing Balance</b>	<b>11</b>	<b>32</b>	<b>43</b>
<b>Carrying Amounts</b>			
<b>At 30 June 2024</b>	<b>1</b>	<b>2</b>	<b>3</b>
<b>At 30 June 2023</b>	<b>2</b>	<b>11</b>	<b>13</b>

### Software acquisition and development

Acquired software licences are capitalised based on the costs incurred to acquire and bring into use the specific software. Costs associated with the development and maintenance of the XRB corporate website are recognised as an expense when incurred.

### Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each financial year is recognised in the 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% (2023: 40%)
- » Website                         25% (2023: 25%)

## 14. Receivables and prepayments

As at 30 June	Actual 2024 \$000	Actual 2023 \$000
Other receivables	-	16
Prepayments	34	74
GST receivable	49	37
<b>Total receivables and prepayments</b>	<b>83</b>	<b>127</b>

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 are no amounts overdue but not impaired (2023: \$16,000).

## 15. Payables and accruals

As at 30 June	Actual 2024 \$000	Actual 2023 \$000
Payables	122	220
Accruals	155	230
<b>Total payables and accruals</b>	<b>277</b>	<b>450</b>

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 2024 \$000	Actual 2023 \$000
Holiday pay accrual	221	222
<b>Total employee entitlements</b>	<b>221</b>	<b>222</b>

### 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	Make good of office premises \$000	Restructuring \$000	Total \$000
<b>Opening Balance</b>	<b>20</b>	<b>-</b>	<b>20</b>
Amounts used	(8)	-	(8)
Unused amounts reversed	(12)	-	(12)
Additional provisions made	40	100	40
<b>Closing Balance</b>	<b>40</b>	<b>100</b>	<b>40</b>
<b>Current</b>	<b>-</b>	<b>100</b>	<b>-</b>
<b>Non-current</b>	<b>40</b>	<b>-</b>	<b>40</b>

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.

In the current year we have included a new restructuring provision of \$100k. The expected timing of the outflow is within six months of reporting date but the exact timing and amount is uncertain. The provision will be required for redundancy payments to staff resulting from a review of efficiency and effectiveness.

The make good of the office premises is for the Wellington office. It was current in 2023 due to the lease expiring on 30 September 2023. For the new premises the make good provision is non-current.

## 18. Operating lease commitments

As at 30 June	Actual 2024 \$000	Actual 2023 \$000
Up to one year	228	229
Between two and five years	726	705
After five years	228	418
<b>Total operating lease commitments</b>	<b>1,182</b>	<b>1,352</b>

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

A new lease at 154 Featherston Street, Wellington commenced on 1 September 2023 (expires 31 August 2030). Our lease at 47 Salisbury Street, Christchurch was automatically renewed for another year (expires 30 June 2025). Our premises in Auckland remain on a cancellable month by month lease.



Leases that do not transfer substantially all the risks and rewards incidental to ownership of an asset to the External Reporting Board are classified as operating leases. Payments are 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 our 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 as a result fair value and current value are materially the same.

## 20. Employee Remuneration

Total remuneration and other benefits that exceed \$100,000:

Remuneration Range	Actual 2024	Actual 2023
\$100,000 - \$109,999	2	5
\$110,000 - \$119,999	1	1
\$120,000 - \$129,999	2	-
\$130,000 - \$139,999	1	2
\$140,000 - \$149,999	-	2
\$150,000 - \$159,999	6	-
\$160,000 - \$169,999	1	1
\$170,000 - \$179,999	4	-
\$180,000 - \$189,999	1	1
\$190,000 - \$199,999	1	3
\$200,000 - \$209,999	2	2
\$210,000 - \$219,999	1	2
\$230,000 - \$239,999	1	-
\$250,000 - \$259,999	1	1
\$260,000 - \$269,999	1	-
\$330,000 - \$339,999	-	1
\$340,000 - \$349,999	1	-
<b>Total</b>	<b>26</b>	<b>21</b>

Prior year comparatives have been adjusted to include 'other benefits' being the employer contributions to KiwiSaver.

## 21. Related party information

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 (2023: \$7,500).

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 2024 \$000	Actual 2023 \$000
XRB Board fees (remuneration to XRB Board members) (\$000)	310	305
Full time equivalent members	0.80	0.80
Salaries and other short- term employee benefits (\$000)	1,387	1,474
Full time equivalent employees	5.35	6.08
<b>Total key management personnel compensation (\$000)</b>	<b>1,696</b>	<b>1,779</b>

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 these fees are excluded.

No XRB Board members received compensation or other benefits in relation to cessation (2023: 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 2024 no severance payments were made to employees (30 June 2023: None).

For the year ended 30 June 2024 a restructuring provision of \$100,000 has been made (refer note 17).

## 23. Indemnity insurance

We have professional indemnity insurance cover during the financial year of \$1,000,000 (2023: \$1,000,000), in respect of the liability or costs of Board members or employees.

## 24. Capital commitments

The XRB has no capital commitments at 30 June 2024 (2023: None).

## 25. Contingencies

The XRB has no material contingent assets or contingent liabilities to report (2023: None).

## 26. Events after the reporting period

At the request of the New Zealand Government Procurement and Property Group (the functional leader for government procurement and property), we have changed our bank provider to ANZ from August 2024. There are no further adjusting or non-adjusting events that occurred that require further disclosure (2023:None).

## 27. Explanation of major variances against budget

For the year ended 30 June	Actual 2024 \$000	Budget 2024 \$000	Variance \$000
Revenue	9,059	8,880	179
Personnel costs	5,741	6,005	(364)
Fees to board members (meeting fees and project fees)	751	841	(90)
Travel	693	792	(99)
General operating costs	1,335	1,499	(164)
Investments	5,237	3,969	1,268
Return of retained earnings to Crown	(1,100)	-	(1,100)
Net cash flow from operating activities	(75)	(784)	709

### Revenue

More interest has been received than expected. This is due to increasing interest rates and the amount on term deposits being higher than planned.

### Personnel costs

The work undertaken by the External Reporting Board requires highly technical staff in the fields of accounting, audit and assurance, climate and sustainability reporting. Challenges locating and recruiting these skills has resulted in delaying filling vacant roles that have arisen this year.

### Fees to Board members (meeting fees and project fees)

The new Sustainability Reporting Board was established this year on 1st June 2024 which was later than what was anticipated when preparing the budget. Existing XRB Board members have provided governance and oversight in this area in the interim.

### Travel

We are now reengaging internationally. Our level of travel is as budgeted but the actual costs for trips internationally has been lower than anticipated.

### General operating costs

We have spent less on consultants and communications than budgeted this year and instead used internal resources for completing work.

### Return of retained earnings to Crown

The return of \$1,100,000 to the Crown has arisen as a contractual obligation as part of the Government Budget 2024.

### Investments

The current surplus has been invested in term deposits.

### Net cash flow from operating activities

The variance is in line with total expenses being lower than budgeted.



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 2024.

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 58-75 at comprise the statement of financial position as at 30 June 2024, 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 22 to 55.

In our opinion:

- the financial statements of XRB on pages 58-75
  - present fairly, in all material respects:
    - its financial position as at 30 June 2024; 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 22 to 55:
  - presents fairly, in all material respects, XRB's performance for the year ended 30 June 2024, 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 17 September 2024. 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.



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- 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'. The signature is written in a cursive, flowing style.

Mark Bewley

BDO WELLINGTON AUDIT LIMITED

On behalf of the Auditor-General  
Wellington, New Zealand