



**EXTERNAL REPORTING BOARD**

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*Te Kāwai Ārahi Pūrongo Mōwaho*

## **Annual Report**

**For the year ended 30 June 2017**

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



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# Part 1: Organisational Overview



## Introduction

The External Reporting Board (XRB) is an independent Crown Entity, initially established under the Financial Reporting Act 1993, with continued existence under Section 11 of the Financial Reporting Act 2013. As a Crown Entity, the XRB is subject to the Crown Entities Act 2004.

This Annual Report for the year ended 30 June 2017 has been prepared and presented in accordance with sections 150(1) and 154 of the Crown Entities Act 2004. It reports against the XRB's Statement of Performance Expectations for the year.

The XRB came into existence on 1 July 2011 when it was reconstituted from the Accounting Standards Review Board (ASRB) following amendments to the Financial Reporting Act 1993. This report therefore covers the sixth year of the XRB's operations.

## XRB Board Members

Under the Financial Reporting Act 2013<sup>1</sup>, the XRB Board is required to consist of not less than four, nor more than nine, members appointed by the Governor-General on the recommendation of the Minister of Commerce and Consumer Affairs. Members are required to be qualified for appointment by reason of their knowledge of, or experience in, business, accounting, auditing, finance, economics or law. Members are appointed for a renewable term of up to five years.

The XRB Board members over the past year are listed in the Appendix to this Annual Report.

## Functions of the XRB

The XRB's functions are prescribed by Section 12 of the Financial Reporting Act 2013<sup>2</sup> and are as follows:

- Developing and implementing an overall strategy for financial reporting standards (both accounting and auditing & assurance standards), including developing and implementing tiers of financial reporting;
- Preparing and issuing accounting standards, and authoritative notices;
- Preparing and issuing auditing & assurance standards, including the professional and ethical standards that will govern the professional conduct of auditors; and
- Liaising with national and international organisations that exercise functions that correspond with, or are similar to, those conferred on the XRB.

The performance framework developed by the XRB to give effect to these functions is outlined in Part 2 of this Annual Report.

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<sup>1</sup> The Financial Reporting Act 2013 replaced the Financial Reporting Act 1993 on 1 April 2014. The XRB Board membership requirements are the same in both Acts.

<sup>2</sup> The functions of the XRB under the 2013 Act are not significantly different from those under the 1993 Act.

## Organisational Structure

The XRB Board has established two standard setting boards to which it has delegated certain functions:

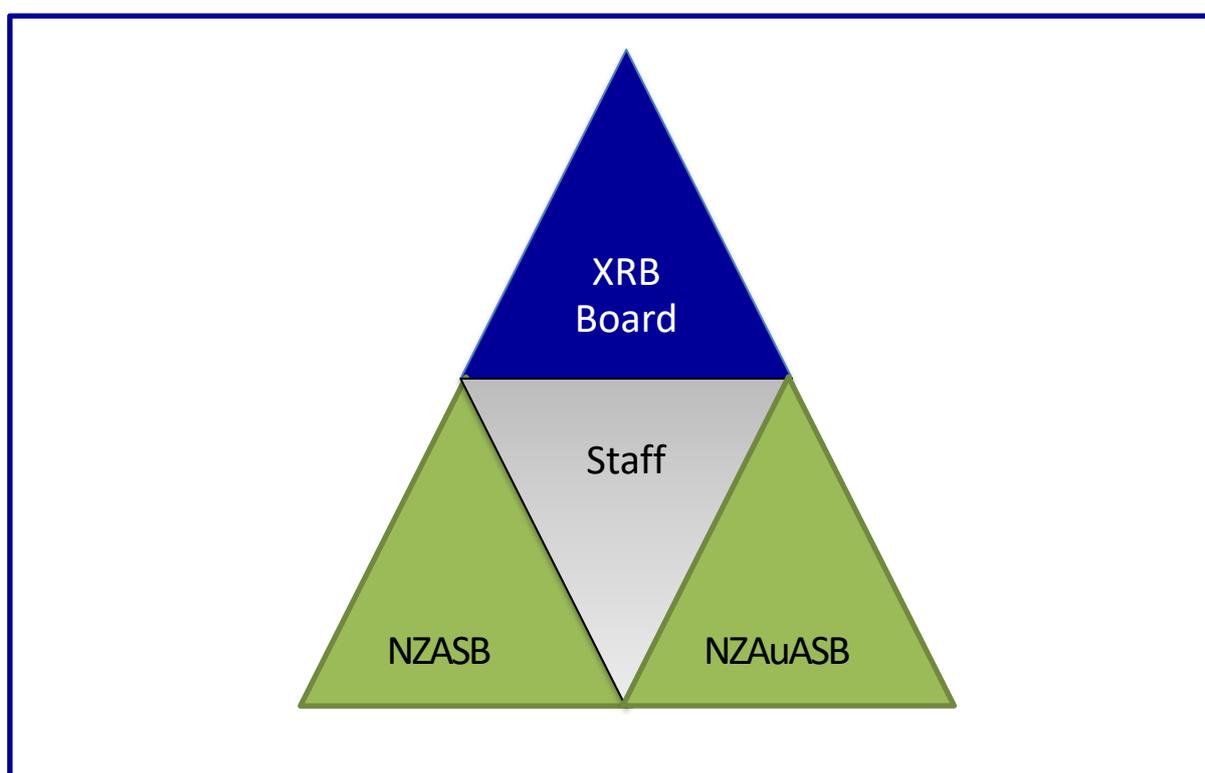
- The New Zealand Accounting Standards Board (NZASB) is responsible for accounting standard setting; and
- The New Zealand Auditing and Assurance Standards Board (NZAuASB) is responsible for auditing & assurance standard setting, including the professional and ethical standards that govern the professional conduct of auditors.

These two standard setting boards are Committees of the XRB Board appointed in accordance with the provisions of Schedule 5 of the Crown Entities Act 2004. These standard setting boards each comprise around ten suitably qualified and experienced persons with a diversity of perspective who are part-time and remunerated. They have delegated authority from the XRB Board to develop and issue accounting and auditing & assurance standards respectively. The members of the two standard setting boards over the past year are listed in the Appendix to this Annual Report.

This structure is designed to ensure that technical resources are available, and standard setting is carried out in accordance with best practice. It should be noted that it matches functional equivalence with Australia, where there is an Australian standard setting board to match the equivalent New Zealand board.

The XRB Board and the two standard setting boards are supported by a small staff team (currently 17) as illustrated in Figure 1.

**Figure 1: XRB Organisational Structure**



## Key Achievements

### Introduction

The XRB's main strategic focus during the year has been in the following areas:

- Maintaining the existing suites of standards to reflect changes to international standards and, where necessary, enhanced to address any deficiencies or gaps that are critical to user-needs and the quality of financial reporting in New Zealand;
- Undertaking deliberate, organised research into the financial and non-financial information needs of the various users of XRB standards, as a basis for considering enhancements to the financial reporting framework or specific standards in the future, and to help inform efforts to influence the work of the international standard setting boards;
- Actively seeking to influence the agenda and standards development work of the international standard setting boards based on three broad (and interconnected) approaches: relationships, staff participation in selected projects and supporting New Zealand membership on international boards;
- Continuing to enhance constituency engagement and support, both in terms of development of standards and awareness raising activities to help better understand the role, purpose and requirements of XRB standards. Actively facilitating other relevant organisations to provide appropriate training and professional development activities relating to enhancing financial reporting. Actively ensuring linkages with other agencies in the financial reporting and assurance areas to coordinate our work and identify any gaps; and
- Maintaining a high-performance culture commensurate with achieving the XRB's outcome goals, while operating in a financially prudent manner and maintaining the level of capability needed to deliver the outputs required.

The main activities are outlined below:

### Maintaining existing suites of standards

Existing sets of standards have been maintained during the year. This involves issuing in New Zealand, exposure drafts and standards that are issued by the international standard setting bodies, most notably the International Accounting Standards Board (IASB®), the International Public Sector Accounting Standards Board (IPSASB), the International Auditing and Assurance Standards Board (IAASB) and the International Ethics Standards Board for Accountants (IESBA).

All relevant pronouncements from these international boards have been issued in the appropriate form during the year.

In addition, the XRB has provided comment on relevant exposure drafts and other consultation documents issued for comment by these international standard setting boards, other international bodies and by New Zealand agencies in relation to changes in financial reporting and the application of the accounting and assurance frameworks.

Significant work to develop an accounting standard on Service Performance Reporting was continued again this year, with the final standard to be approved at the December 2017 meeting of the NZASB. The need for a standard in this area has been evident for some time and the XRB Board and the NZASB have both assigned this project a high priority. The NZAuASB has also continued the development of an auditing standard on Service Performance Reporting. There is currently an open exposure draft on this standard and comments are due to the NZAuASB by 20 December 2017.

## **Undertaking deliberate, organised research into the financial and non-financial information needs of the various users of XRB standards**

During early 2015, the XRB established a five-year user-needs research programme. Some of the research projects will be undertaken in house and some will be contracted out.

The work continued implementing the research programme, and the second project on *Researching Financial Information and Assurance Needs of Users of For-Profit Tier 2 Entity Reports* was awarded to a research team from Massey University in April 2016. The Massey team has completed all the “research” phases of this project. It is proposed to have the results finalised and available for public release late in 2017

In addition, in-house or joint research projects were commenced and continued through the year as follows: *Alternative Performance Measures (APMs): A New Zealand user-needs survey*, *Assurance for Not-For-Profits: A guide for funding organisations*, an internal research project *Use of Other Assurance Engagements* and *Extended External Reporting: The New Zealand experience* (jointly with McGuinness Institute).

## **Actively seeking to influence the agenda and standards development work of the international standard setting boards**

The XRB has a strategy of seeking to influence international standards during their development phase. During the year, the XRB staff contributed to a project being undertaken by the IPSASB to enhance the standards relating to Revenue and Non-Exchange Expenses. In addition, the XRB staff have continued working with the IASB on its Disclosure Principles project.

Also during the year:

- The XRB continued supporting the contribution of the New Zealand member on the IPSASB. The New Zealand member was appointed Deputy Chair of the IPSASB for the 2017 year;
- New Zealand was successful in having a member appointed to the IAASB, for a three-year term commencing 1 January 2017;
- Staff and standards board members attended relevant meetings of international standard setter groups, including the Asian-Oceanian Standard-Setters Group (AOSSG), IASB, the IASB’s World Standard-Setters (WSS), the International Forum of Accounting Standard Setters (IFASS), the IAASB, the National Standard-Setters

(NSS) (of the IAASB and the IESBA), IPSASB, IPSASB Consultative Advisory Group (CAG), and the International Forum for Public Sector Standard Setters;

- The NZASB, through its chair, and working with the Australian Accounting Standards Board (AASB), continued its appointment to the IASB's Accounting Standards Advisory Forum (ASAF) for the second year of a three-year term. We are one of four members from the Asia-Oceania region;
- The XRB hosted several visits by international board members and key staff from the IASB, IAASB, and the IPSASB;
- The XRB hosted the 8<sup>th</sup> Annual Meeting of the AOSSG in Wellington in November 2016. This annual meeting was attended by more than 60 delegates, IASB board members and New Zealand constituents. The meeting was opened by our Minister, Hon Paul Goldsmith (Minister of Commerce and Consumer Affairs); and
- The XRB participated in trans-Tasman co-ordination initiatives through the appointment of board members as members of the Australian Financial Reporting Council (FRC), Australian Accounting Standards Board (AASB), and the Australian Auditing and Assurance Standards Board (AUASB). The counterpart Chairs from these Australian bodies are members of the XRB Board, NZASB and NZAuASB.

## Continuing to Enhance Constituency Engagement and Support

The XRB has a statutory obligation to consult with constituents before issuing accounting or auditing & assurance standards. The XRB is fully committed to following appropriate due process and considers this an essential part of the standard setting process.

During the year the XRB ran many seminars/roundtables, webinars, podcasts and published articles and newsletters on a wide range of matters that were the subject of exposure drafts or discussion papers. The XRB Board also held some general discussions with key constituent groups about broader financial reporting matters.

During the year there were extensive communications to help inform the constituency about financial reporting changes. These included:

- The publication of explanatory guides that help explain the requirements of standards;
- Seminars, webinars and roundtables on: Auditor Reporting and Key Audit Matters with senior practitioners; IAASB's Invitation to Comment *Auditing Accounting Estimates and Related Disclosure* and NZAuASB's Exposure Draft on *Provisions Addressing the Long Association of Personnel with Assurance Clients* (Partner Rotation);
- Seminars and presentations on recently released IFRSs. NZ IFRS 16 *Leases* and NZ IFRS 17 *Insurance Contracts*. Also, several presentations to constituent groups on financial reporting standards updates;
- Seminars on recently issued PBE standards, exposure drafts on service performance reporting for Tier 1 and Tier 2 PBEs and other IPSASB workstreams in conjunction with the visit from the IPSASB Chair; and

- Continued running seminars and webinars on the legislation and accounting standards aimed at small registered charities and other not-for-profit entities, particularly as this was the first year New Zealand registered charities were required to file their financial reports under the new accounting framework.

The External Reporting Advisory Panel (XRAP), another vehicle for gathering the views of constituents, met twice during the year and actively contributed ideas to XRB Board deliberations on various matters<sup>3</sup>.

Both the XRB Board and its two standard setting sub-boards continued to hold the majority of the non-governance part of their meetings in open session during the year. Members of the public can attend as observers during the open sessions. Two of the three boards held a meeting in Auckland during the year to allow the constituency in the Auckland region to attend if they wished (the remaining meetings were held in Wellington). In addition, the agenda papers for the open part of the meetings are available for download from the XRB website ([www.xrb.govt.nz](http://www.xrb.govt.nz)) as are the relevant minutes.

A complete revision, refresh and upgrade of the XRB website was launched during the year to assist users to more easily navigate the website. This was following an extensive outreach to various groups of our website users to determine what changes were required to enhance their visits. The website is our key communication platform for disseminating all our work. It is therefore very pleasing to receive positive feedback from this update and to hear that the user experience has been significantly enhanced.

## Maintaining Capability and Ensuring Value for Money

From an ownership performance point of view, the main operational focus during the year has been ensuring that the XRB as an organisation is operating in an efficient and effective “steady-state” mode.

The organisation’s IT infrastructure is now over six years old and is well-past its useful life. An extensive project is well advanced to replace the IT platform, video-conferencing facilities and telephony. At the same time, we are re-examining our major software tools to see if there are more efficient products available to an organisation such as ours. This entire project and the significant implementation milestones will be staged over a period extending into early 2018. Once it is all in place, the new infrastructure will deliver significant productivity improvements, more efficient inter-office and Trans-Tasman communication and higher speed external digital connection.

The organisation had no staff vacancies at year end and the XRB Board does not have any capability concerns based on its current strategic focus and work programmes. The year

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<sup>3</sup> The XRAP consists of around 18 senior level persons who are individuals with strong networks that enrich their advice to XRB, or representatives of organisations, interested in the development of high quality accounting standards and auditing & assurance standards. Members are drawn from across the for-profit, public and not-for-profit sectors and between them reflect a variety of perspectives including user groups, preparers (both management and directors), financial analysts, investors, audit committees and auditors.

The objective of the XRAP is to provide a forum for the XRB Board, the NZASB and the NZAuASB to consult individuals and representatives of organisations affected by its work. The XRAP is responsible for providing advice to the three boards on strategic and tactical issues including, but not limited to:

- Issues relating to the external reporting environment in New Zealand;
- The New Zealand standard setting framework;
- Projects on the boards’ agendas; and
- Practical application and implementation issues.

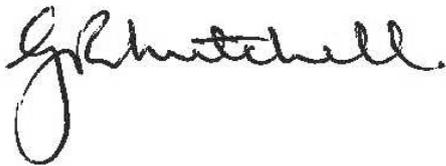
ended though, with indications of some strong disruptive influences, particularly in the international audit & assurance and ethics standard setting regime. The XRB is monitoring these developments closely and will make any necessary adjustments to their strategies, resources and work programmes as these changes become clearer.

The XRB Board remains conscious of the Government's fiscal constraints, the need to operate within our means, and to ensure value for money in all the XRB does. Accordingly, a cost-control, value for money, continuous improvement culture and approach continues to be promoted within the organisation. This includes participation in Government Electronic Tender Service, which we utilised successfully for the contract to redevelop the website.

## **Acknowledgements**

The XRB Board would like to thank the members of its two standard-setting boards – the NZASB and the NZAuASB – and the XRAP, for their significant contribution to the work and achievements of the XRB during the past year. Acknowledgment to retiring members Neil Cherry, Annabel Cotton, Carolyn Cordery, Stephanie Allan, Pat Heslin, Merran Kelsall, Liz Hickey, Lyn Provost and Megan Thomas. All these retiring members have been high-achieving board members or XRAP members since the inception of the three boards and advisory panel.

The XRB Board would also like to recognise the efforts and dedication of the staff team in progressing the XRB's strategic priorities and the many significant achievements during the year.

A handwritten signature in black ink, appearing to read 'Graeme R Mitchell'. The signature is written in a cursive style with a large, looped initial 'G'.

Graeme R Mitchell  
Chairman





## Part 2: Performance Report

# The XRB's Performance Framework

## Introduction

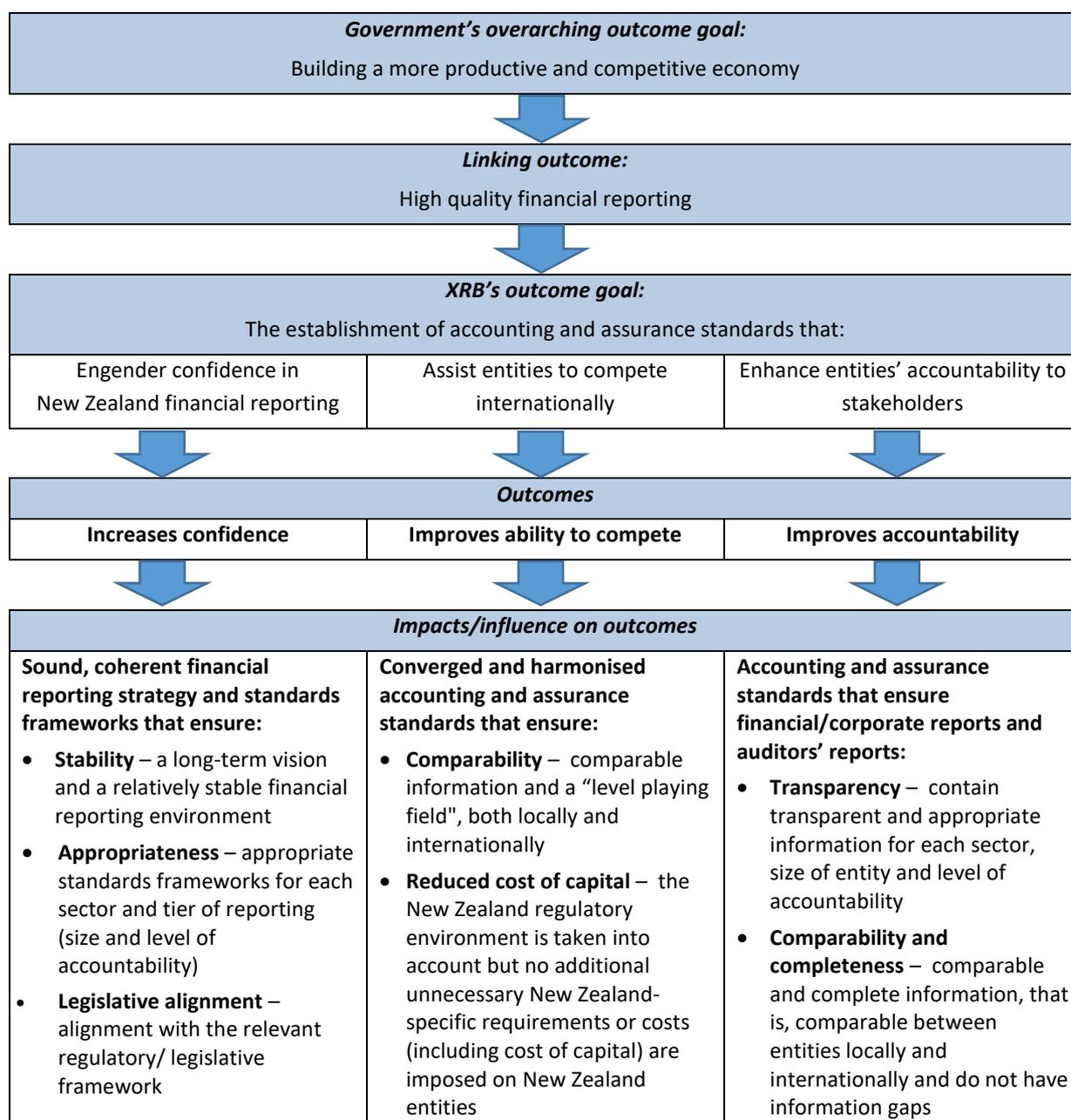
The XRB adopts an overall performance framework to guide both the organisation's strategic direction and its day-to-day operations.

The performance framework for the 2016-17 financial year was contained in the Statement of Intent for that year and is illustrated, in an updated format, in Figure 2.

In Figure 3, we depict how the XRB operationalises our strategies, together with our aims and outputs that create value for our stakeholders.

**Figure 2:**

### XRB's Outcome, Impact and Output Performance Framework



		<ul style="list-style-type: none"> <li>• <b>Appropriateness</b> – meet the information and accountability needs of report users</li> </ul>
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**Performance indicators [measures of success] for outcomes**

<i>Increased confidence</i>	<i>Improved ability to compete</i>	<i>Improved accountability</i>
<ul style="list-style-type: none"> <li>• Enduring policy of international convergence/harmonisation, sector-specific standards and Tier Structure</li> <li>• Consistency of standards frameworks with legislative frameworks</li> <li>• Reliability of financial reporting strategy and standards frameworks that require infrequent changes</li> <li>• Responsiveness and timeliness of standards frameworks to legislative changes and stakeholder feedback</li> <li>• Number of requests from stakeholders for changes to standards frameworks</li> </ul>	<ul style="list-style-type: none"> <li>• Continuation of XRB’s policy on influencing international boards</li> <li>• Independent reports/ studies/ comment on New Zealand’s:               <ul style="list-style-type: none"> <li>○ international competitiveness/ competitive position</li> <li>○ ranking attributable to accounting and assurance standards</li> <li>○ reaction to international reporting trends</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Continuation of XRB’s policy of ensuring corporate information meets user needs and utilising findings from XRB and independent New Zealand user-needs research</li> <li>• Independent reports/ studies/ comment about:               <ul style="list-style-type: none"> <li>○ transparency and understandability of reported corporate information</li> <li>○ audit quality</li> <li>○ stakeholder awareness of wider corporate reporting and non-financial reporting matters</li> </ul> </li> <li>• Independent feedback from other regulatory bodies about the requirements of standards</li> </ul>
	<ul style="list-style-type: none"> <li>• Responsiveness of standards to new (or amended) international standards</li> <li>• Number of requests for New Zealand-specific amendments to standards that are not related to legislative or standards frameworks</li> <li>• Timeliness of changes to standards to reflect stakeholder feedback</li> </ul>	

○ Findings from a future domestic and international stakeholder survey on XRB’s work

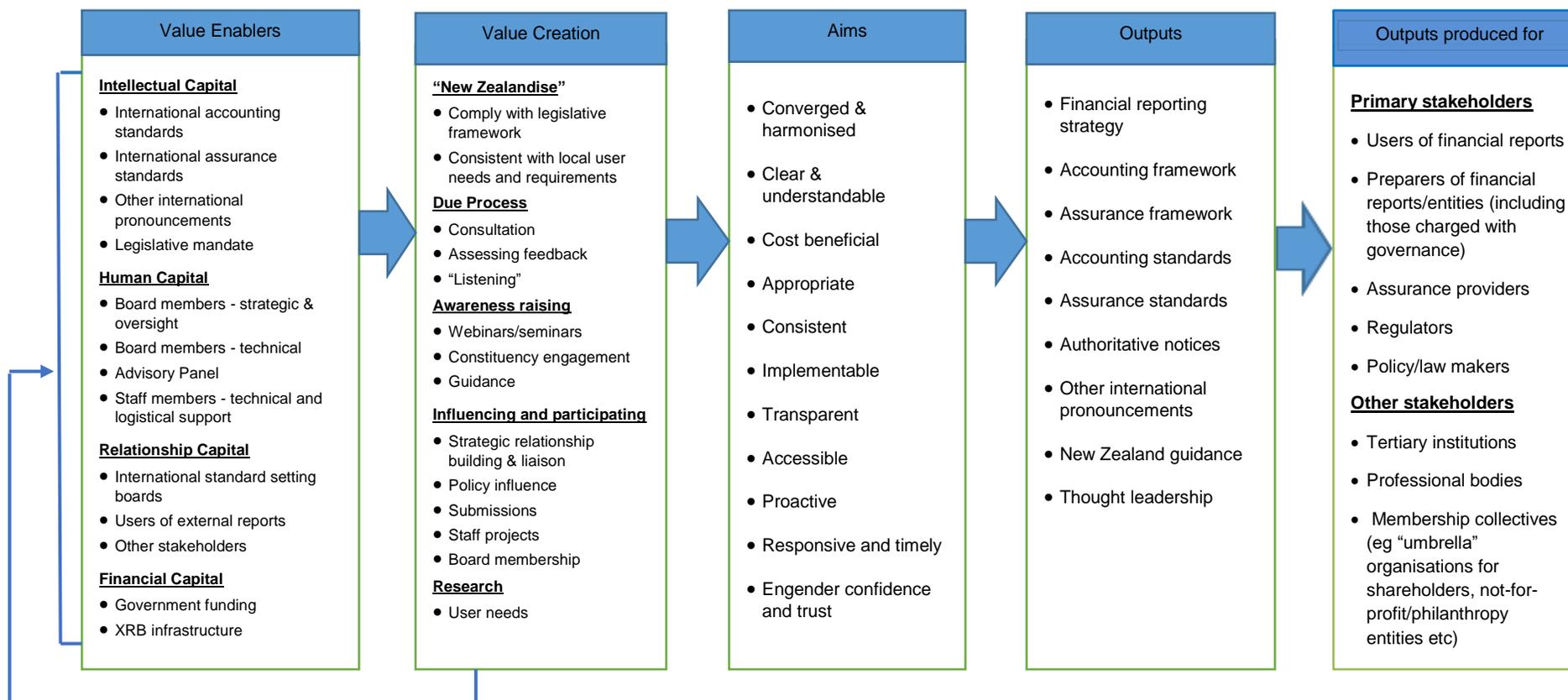


**Outputs to influence achievement of outcome goal**

Financial Reporting Strategy, Accounting Framework, Assurance Framework and thought leadership	
	Accounting Standards, Authoritative Notices, other international pronouncements and New Zealand guidance
	Auditing & Assurance Standards, other international pronouncements and New Zealand guidance



**Figure 3: XRB’s Value Adding Model**



<b>Value enablers</b>	<ul style="list-style-type: none"> <li>Resources and relationships used in our value creation process.</li> </ul>
<b>Value creation</b>	<ul style="list-style-type: none"> <li>Processes utilised, together with the value enablers, to deliver outputs to our stakeholders; and</li> <li>Learnings from our processes become feedback into our value enablers.</li> </ul>
<b>Aims</b>	<ul style="list-style-type: none"> <li>Objectives driving the delivery of our outputs.</li> </ul>
<b>Outputs</b>	<ul style="list-style-type: none"> <li>Services created by our value adding model and contributing to our outcome goal.</li> </ul>

## Outcome Goal

### **Government Priorities**

The Government established the following as its priorities for the period covered by this Annual Report:

- *Building a more productive and competitive economy;*
- *Responsibly managing the Government's finances;*
- *Delivering better public services within tight financial constraints;*  
*and*
- *Rebuilding Christchurch.*

The activities of the XRB are most related to the Government's objective to *build a more productive and competitive economy*, and the associated Business Growth Agenda 2015 – *Towards 2025*, one of the intermediate outcomes flowing from this overarching goal is: *attracting of high quality investment into all parts of New Zealand*. Accordingly, these form the XRB's overarching outcome goal for the year.

The XRB did, however, seek to contribute to the Government's other priorities in ways appropriate to the XRB. This included ensuring the accounting standards encourage reporting of the Government's finances in a transparent and meaningful way and ensuring that the XRB operated in an efficient and fiscally prudent manner with a culture of continuous performance improvement.

### **XRB's Outcome Goal**

A precondition for a productive and competitive economy together with attracting high quality investment, is effective accountability and good corporate governance. This applies in all sectors (for-profit, public sector and not-for-profit) and in this sense effective public accountability, good corporate governance and "business" needs to be viewed in a wider multi-sectoral way rather than in just a commercial context.

Good corporate governance requires, among other things, systems and processes that encourage the management of entities to behave in ways that are fully consistent with the interests of shareholders and other stakeholders. To that end, one of the main purposes of financial reports is to promote the accountability of the management of an entity to those who own it, either directly (e.g. shareholders in the case of companies or members in the case of most not-for-profit entities) or indirectly (e.g. taxpayers or ratepayers in the case of public sector entities). There is often accountability to a wider range of stakeholders as well, for example, debt security holders in the case of issuers of securities, service recipients in the case of public sector entities and donors in the case of charities.

High quality reporting (incorporating both financial and, where applicable, non-financial elements) that informs the decision-making of users of reports is therefore important to achieving effective accountability and good corporate governance, and through them building a more productive and competitive economy together with high quality investment into all parts of New Zealand. To achieve this, reporting needs to be of a quality that engenders user confidence in the information received, assists entities to compete (particularly internationally, for example by reducing the cost of funds through the use of

generally recognised accounting approaches) and enhances accountability (through the transparency provided). In this way, high quality reporting contributes directly to the Government's Business Growth Agenda, particularly the capital markets input area.

High quality reporting can be achieved only if the principles on which it is based (accounting and service performance information standards) are reliable, clear, economically sound, mutually consistent, can be readily applied by preparers and can be understood by users. Assurance provided on this information, is similarly based on standards (audit & assurance and ethical) and requires robust and independent examination by assurance providers. In other words, a necessary condition for high quality reporting is high quality accounting, service performance, audit & assurance and ethical standards. It is through the issuing of such standards that the XRB contributes to the Government's outcome goals and its Business Growth Agenda.

Accordingly, the XRB remains committed to the following outcome goal:

*The establishment of accounting and assurance standards that:*

- *engender confidence in New Zealand financial reporting;*
- *assist entities to compete internationally; and*
- *enhance entities' accountability to stakeholders.*

## Outputs

The XRB has defined three key outputs that it delivers in order to influence its outcome goal:

- Financial reporting strategy;
- Developing and issuing accounting standards; and
- Developing and issuing auditing & assurance standards.

These outputs also reflect the XRB's statutory functions.

### ***Financial Reporting Strategy***

The financial reporting strategy output encompasses establishing, and then implementing, an overall standard-setting strategy.

At the overall strategy level, this output involves ensuring that the specific needs of New Zealand users and entities in all sectors are reflected in the reporting requirements contained in the accounting and auditing & assurance standards.

During the first three years of the XRB's existence this output involved the establishment of a new Accounting Standards Framework, and the strategic parameters for the development of auditing & assurance standards (both of which were finalised in the 2011-12 financial year). Much of the work of the XRB in the 2016-17 financial year involved the ongoing implementation of these strategies. It is the XRB's intention to undertake a post-implementation review of these frameworks during 2019-2020 to ensure they are meeting stakeholder needs.

Over the medium term the focus of this standard setting strategy output will be on ensuring that the accounting and auditing & assurance standards on issue are fit for purpose and are appropriately meeting the information needs of the users of general purpose financial reports across all sectors. The XRB has developed a Strategic Plan to give effect to this during the 2017 to 2022 period. That Strategic Plan, which is entitled "Giving Life to the User-Needs Framework", was originally published in April 2014 and updated and re-published in August 2017.<sup>4</sup>

### ***Accounting Standards***

The accounting standards output involves developing, consulting on, issuing and amending accounting standards. This is an ongoing activity of the XRB which is carried out by the NZASB within the parameters established by the XRB Board.

Much of the detailed standard setting work necessary to give effect to the Accounting Standards Framework was completed as part of this output during the 2013-14 financial year.

An important part of this output is responding to requests for feedback on pronouncements (consultative papers, invitations to comment and exposure drafts) developed by the international accounting standard setting boards, the International Accounting Standards Board (IASB) and the International Public Sector Accounting Standards Board (IPSASB), and incorporating them into the New Zealand standards where appropriate.

### ***Auditing & Assurance Standards***

The auditing & assurance standard output involves developing, consulting on, issuing and amending auditing & assurance standards. This is an ongoing activity of the XRB which is carried out by the New Zealand Auditing and Assurance Standards Board (NZAuASB) within the parameters for those standards established by the Board.

An important part of this output is responding to requests for feedback on pronouncements developed by the international auditing & assurance standard setting boards, the International Auditing and Assurance Standards Board (IAASB) and the International Ethics Standards Board for Accountants (IESBA), and incorporating them into the New Zealand standards where appropriate.

## **Planned and Achieved Performance**

### **Purpose of this Section**

This section outlines the XRB's planned performance for the 2016-17 financial year (as specified in the 2016-17 Statement of Performance Expectations), together with a summary of the actual performance delivered compared to that planned. More detailed performance information, including the cost of each of the three key outputs, for the year ended 30 June 2017, is provided in Part 3 (Service Performance) and Part 4 (Financial Statements) of this Annual Report.

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<sup>4</sup> The Strategic Plan is available at: <https://www.xrb.govt.nz/about-xrb/accountability-documents/#strategicplan>

## Outcome Goal

As detailed earlier, the XRB's outcome goal for the period was:

*The establishment of accounting and assurance standards that engender confidence in New Zealand financial reporting, assist entities to compete internationally, and enhance entities' accountability to stakeholders.*

### **Contributing to the Outcomes**

This outcome goal is used as the lens through which the XRB organisation considers accounting and auditing & assurance standards. This means, that in developing a standard (or contemplating an international standard for adoption in New Zealand) consideration is given to the three elements of the outcome goal: will the standard help engender confidence in reporting (incorporating both financial and, where applicable, non-financial elements), will the standard assist international competitiveness, and will it improve entities' accountability to their stakeholders? Consideration is also given to the trade-offs between the three elements.

Some examples of how this approach is given effect are as follows:

- The XRB's strategy in relation to the accounting standards for for-profit entities is to adopt the international standards (International Financial Reporting Standards – IFRS®) with little or no substantive change. This is to allow entities to be able to assert compliance with IFRS, thereby enabling them to raise capital in international markets at a lower cost.
- By contrast, the XRB's strategy in relation to accounting standards for public benefit entities (public sector and not-for-profit) places greater weight on ensuring reporting engenders confidence and accountability to stakeholders. As international comparability is less of an imperative in this sector, there is a greater ability to modify the applicable international standards (International Public Sector Accounting Standards – IPSAS) for application in New Zealand.
- The accounting standards for Tier 3 and Tier 4 public benefit entities (i.e. small public sector and not-for-profit organisations) follow a simple format reporting approach. This was developed partly to better respond to the respective costs and benefits of reporting by these small entities, and partly with the users of the financial reports in mind. The XRB recognises many of the preparers and users of the reports of small not-for-profit organisations are not financially skilled in the way, for example, corporate preparers and financial analysts are. A simpler reporting approach is more likely to provide information understandable to not-for-profit users, thereby enhancing the accountability of these entities to their stakeholders.
- The presumption being followed by the NZAuASB in considering auditing & assurance standards is to adopt international standards unless *there are compelling reasons for a standard to be modified*. This presumption reflects the international competitiveness aspect of the outcome goal – readers will have more confidence in the auditor's report if they know the audit or the assurance engagement has been conducted in accordance with international best practice (i.e. international

standards). The “compelling reasons” test has been established to ensure that standards are relevant in the New Zealand context and therefore relates to the confidence in New Zealand financial reporting aspect of the outcome goal. The compelling reasons for a standard to be modified are:

(1) the international standard does not reflect, or is not consistent with:

- the New Zealand regulatory arrangements; or
- principles and practices that are considered appropriate in New Zealand (including in the use of significant terminology); and

(2) the standard can be modified to result in a standard that:

- promotes significant improvement in audit quality in the New Zealand environment; and
- does not conflict with, or result in lesser requirements than, the international standard; and

(3) the relative benefits of making a change outweigh the costs (with cost primarily being compliance cost and benefit primarily relating to audit quality).

### ***Measuring and Monitoring Outcomes***

The XRB pays explicit and deliberate attention to ensuring that it is contributing to the three elements of the XRB Outcome Goal. However, measuring the change in outcome status, and the extent to which the XRB contributed to that change, is a non-precise task.

Many factors influence the achievement of the Government’s Overarching Outcome Goal, the Linking Outcome and the XRB Outcome Goal during the year. Many of these are outside the control or influence of the XRB. For example, international competitiveness is influenced by a whole range of factors including regulatory settings, labour market pressures, and exchange rates, in addition to the effectiveness of the XRB standards. International competitiveness indices take account of all of these factors and it is challenging to determine objectively the extent of the XRB’s contribution.

The links between XRB’s Outputs, Outcome Goal and the Government’s Overarching Outcome Goal are not always causal and/or direct. Outcome based measures alone may not provide meaningful information about XRB’s performance for accountability purposes.

The XRB also considers the relationship between the Government’s Overarching Outcome Goal, the Linking Outcome and the XRB Outcome Goal (see Figure 2) is relatively self-evident and clear, as is the nature of the XRB’s contribution to these outcomes through the issuing of accounting and assurance standards.

Notwithstanding the non-precise nature of outcome based performance measurement, the XRB is motivated to positively influence the outcomes and significant effort is applied to achieving this – as outlined in the section above. Accordingly, the XRB does monitor likely outcome contribution through cost effective means, principally externally generated measures and studies. This includes monitoring the state of financial reporting through information available from such bodies as the Companies Office, the Financial Markets Authority (FMA), the Office of the Controller and Auditor-General (OAG), NZX and Charities

Services of the Department of Internal Affairs (DIA), as well as information in the public domain, such as the “Strength of Auditing and Reporting Standards” index in the Global Competitiveness Report produced by the World Economic Forum<sup>6</sup>. This monitoring is designed to allow the XRB to assess, in a general way, the extent to which the strategies adopted and the standards issued are consistent with and contribute to the XRB’s Outcome Goal.

## Output Delivery

As detailed earlier, the XRB specified three key outputs for the year in its Statement of Intent:

*Output 1: Financial Reporting Strategy;*

*Output 2: Developing and Issuing Accounting Standards; and*

*Output 3: Developing and Issuing Auditing & Assurance Standards.*

All three outputs were delivered during the year. All performance measures and targets specified for those outputs were met. The extent of delivery is shown in the Statement of Performance provided in Part 3 of this Annual Report, together with the total cost of each output. The output of the international boards fluctuates and this is reflected in the XRB’s output delivery for the year.

The outputs were delivered in accordance with expectations during the year and on a similar basis to the previous year.

## Ownership Performance

### **Scope of Business**

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

*Accounting and assurance standard setting, and associated strategy setting functions.*

The XRB’s actual scope of business fell within the planned scope of business at all times during the year.

### **Financial Performance**

Financial statements for the year ended 30<sup>th</sup> June 2017 are provided in Part 4 (Financial Statements) of this Annual Report. A summary of the XRB’s actual financial performance, compared to budgeted performance, for the year is provided in the table below.

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<sup>6</sup> In the 2016-17 edition, New Zealand is ranked 4<sup>th</sup> in the world out of 138 countries with a score of 6.4 out of 7 (same score as the previous year that gave us a ranking of 3<sup>rd</sup> out of 140 countries). Although the index is based on perception, the Board considers it a potentially useful indicator of the quality of its accounting and auditing standards and therefore a measure of outcome achievement. The index is available at: <http://reports.weforum.org/global-competitiveness-report-2016-2017/economies/#economy=NZL>

<b>Financial Measure</b>	<b>2016/17 Actual (\$'000)</b>	<b>2016/17 Budget (\$'000)</b>
<i>Revenue</i>	4,429	4,460
<i>Expenses</i>	4,302	4,831
<i>Operating Surplus/(Deficit)</i>	127	(371)
<i>Equity</i>	2,849	2,255
<i>Net Cash Flows from Operating Activities</i>	241	(290)
<i>Net Increase / (Decrease) in Cash</i>	(1,511)	(605)

### *Operating*

The reasons for the major variations in specific expense items are outlined in Note 19 to the financial statements.

An operating surplus was generated during the year. This principally resulted from cost savings against budget across several expenditure categories – Personnel costs, Travel, Depreciation and Amortisation and General operating costs. Forward budgets indicate that this surplus will reduce to a small deficit in future years, as the XRB moves to the next phase of its development.

The XRB proposes to retain the surplus to fund future expenses relating to its strategic plan such as research into user-needs for financial reports, supporting New Zealand's representation on international standard setting boards and responding to possible significant changes in the international standard setting regime.

### *Capital Expenditure*

The XRB's capital expenditure for the year was \$253,000. This expenditure includes the purchase of hardware as part of our IT Infrastructure Review program and the redesign and upgrade of the XRB website which was completed in April 2017 [www.xrb.govt.nz](http://www.xrb.govt.nz).

The XRB placed \$1.5 million into term deposits during the year, for varying terms. These funds will be used to meet the planned deficits in future years as the full year costs of recent initiatives (website redesign, NZ appointment to IAASB and operational cost increases following the IT infrastructure implementation) are realised.

### *Acquisitions*

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

### ***Organisational Capability***

The key capability initiatives planned for, and achieved, during the year are outlined in the table below. In summary, all the capability initiatives were achieved.

<b>2016/17 Actual</b>	<b>2016/17 Budget</b>
<i>The XRB retained a full complement of suitably qualified staff.</i>	<i>Retaining a near full complement of suitably qualified staff</i>
<i>Both the Wellington and Auckland offices are at full operational capacity and have been for the entire financial year.</i>	<i>Maintaining full operational capability in the Wellington and Auckland offices</i>

### **Management of Organisational Risks**

The XRB's key risk management initiatives planned for the year, together with the actions taken in the year, are outlined in the following table.

<b>Risk</b>	<b>2016/17 Actual</b>	<b>2016/17 Budget</b>
<i>Loss of property and equipment</i>	<i>Insurance cover acquired</i>	<i>Insurance of property, plant and equipment</i>
<i>Loss of key staff</i>	<i>Cross training undertaken</i>	<i>Cross training</i>
<i>Loss of key data and records</i>	<i>Offsite backup in place</i>	<i>Offsite backup</i>

## **Other Matters**

### **Employer Information**

#### **Workforce Profile**

The XRB has had no resignations during the year and two new part time staff start during the year.

The XRB's workforce profile is as follows:

<b>Workforce component</b>	<b>2016/17</b>	<b>2015/16</b>
<i>Employees</i>	<i>17</i>	<i>15</i>
<i>Part-time</i>	<i>4</i>	<i>2</i>
<i>Women</i>	<i>70%</i>	<i>66%</i>
<i>Women in Management Team</i>	<i>50%</i>	<i>50%</i>
<i>Non-Pakeha Ethnicity</i>	<i>17%</i>	<i>20%</i>
<i>Maori</i>	<i>0%</i>	<i>0%</i>
<i>Pacific</i>	<i>0%</i>	<i>0%</i>
<i>Employees with Disabilities</i>	<i>0%</i>	<i>0%</i>

<b>Workforce Age Profile</b>	<b>2016/17</b>	<b>2015/16</b>
<i>Under 30 years of age</i>	2	2
<i>30-39 years of age</i>	3	4
<i>40-49 years of age</i>	5	2
<i>50-59 years of age</i>	4	4
<i>≥60 years of age</i>	3	3

### ***Good Employer Information***

The XRB is an equal opportunity employer and supports and endorses the principles underlying equal opportunity and good employer legislation. The XRB values its employees who are its key resource, and strives to provide a caring, supportive and parent friendly environment which provides equal opportunities for all.

With respect to the seven key elements of being a good and equal opportunity employer the XRB reports as follows:

#### *Leadership, Accountability and Culture*

The XRB has deliberately established a culture which embraces the “one team” concept. We value hard work, working together as “one team” and celebrating our successes.

Accordingly, all members of the staff team are involved in the creation of the vision, the establishment of work programmes and priorities, the sharing of team achievements, and participating in shaping the future of the organisation.

#### *Recruitment, Selection and Induction*

The XRB operates open and public recruitment processes. Candidates of varying skills and backgrounds are encouraged to apply. The XRB appoints staff solely based on qualifications, experience, understanding of the standard setting process and ability to operate within the one team organisational culture. The XRB does not consider age, ethnicity, gender or physical disabilities as part of the appointment process. Nevertheless, the staff team is ethnically, gender and age diverse, comprises a majority of women and includes women in the senior leadership roles.

All new employees undergo an induction process to ensure that they are given the best possible introduction to their role and responsibilities, and the organisational culture of the XRB.

#### *Employee Development, Promotion and Exit*

There is a high degree of interaction between persons in senior leadership roles and other staff. This is designed, amongst other things, to assist with the development of all staff. In addition, a deliberate, organised mentoring approach to develop the standard setting skills of staff with less standard setting experience is operated.

The technical training and personal development of all staff is encouraged and supported. The XRB considers such development to be an essential part of maintaining standard setting capability as well as being necessary for personal motivation and engagement of individual staff members.

A formal process of establishing annual performance agreements and undertaking annual performance reviews (as well as informal performance discussions during the year) is operated. This forms the basis for ongoing dialogue between managers and staff and is also used as the basis for addressing good and poor performance, including remuneration reviews.

#### *Flexibility and Work Design*

The XRB operates in three geographical areas (Wellington, Nelson and Auckland) to ensure we can recruit and retain the best possible staff regardless of their location. The organisation has four part-time staff members. We permit staff to work remotely where appropriate. The XRB is output, rather than input, focused and operates a policy of flexible hours designed to accommodate the needs of its staff.

#### *Remuneration, recognition and conditions*

Staff salaries are reviewed by the Chief Executive on an annual basis, considering individual performance, market conditions, and any advice from the State Services Commission relating to remuneration setting. External providers are used to provide job sizing and market data to ensure that remuneration is market related.

The XRB's gender pay gap is 1% (2016: -1.2%).

The gender pay gap is calculated by the median hourly rate method as recommended by Statistics New Zealand.

The gender pay gap for the staff involved in standard setting (the main professional group in the XRB) is 8.46% (2016:4.1%). The gap reflects the differing seniority (and therefore salaries) of various positions in the XRB organisation.

#### *Harassment and Bullying Prevention*

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

#### *Safe and Healthy Environment*

The XRB promotes a positive work environment that celebrates events in people's lives and encourages healthy, positive interaction between staff members.

The XRB is committed to ensuring that staff are kept safe and healthy. The organisation has trained first aiders and fire wardens. All offices have a civil defence emergency kit and all staff are encouraged to be prepared in the event of a natural disaster. Workplace assessments and modern desk equipment are provided to ensure employee's comfort at their desks.

All staff are encouraged to take their annual leave in the period they earn it. Staff are also able to access a confidential Employee Assistance Program.

## Other Information Required by the Crown Entities Act 2004

In relation to the requirements of section 151 of the Crown Entities Act 2004, the following information is provided:

- In April 2014, the XRB was given a direction by the Minister of State Services and Minister of Finance pursuant to section 107 of the Crown Entities Act 2004 to apply the Government Rules of Sourcing with effect from 1 February 2015.
- The XRB did not undertake any transactions that were in breach of statute but validated in accordance with section 20 of the Crown Entities Act 2004.
- The XRB did not grant permission to any board member to act despite being interested in a matter in accordance with section 68 of the Crown Entities Act 2004.



## Part 3: Service Performance



## Statement of Performance

### for the Year Ended 30 June 2017

In this Part, we report on the services we were funded to deliver in 2016/17, how we delivered those services and the impact/influence we had on our outcome goal.

#### Funding of Services

The External Reporting Board (XRB) is funded by a gross appropriation under Vote: *Business, Science and Innovation* administered by Ministry of Business, Innovation and Employment (MBIE). The single overarching purpose of this appropriation is to support high quality financial reporting through the activities of the XRB. This appropriation is limited to the funding of one reportable class of outputs. The description of this output class is: accounting, audit & assurance standards setting and associated strategy setting functions. This appropriation revenue received by the XRB equals the Government's actual expenses incurred in relation to the appropriation, which is a required disclosure from the Public Finance Act 1989.

Output Class	2016/17 Actual	2016/17 Budget	2015/16 Actual
<b>Description</b> Financial reporting and assurance standard setting and associated strategy setting functions	All activities undertaken during the year were within this description	All activities undertaken during the year will be within this description	All activities undertaken during the year were within this description
<b>Revenue from the Crown* (\$000)</b>	4,410	4,410	4,410
<b>Revenue from Others (\$000)</b>	19	50	52
<b>Cost (\$000)</b>	(4,302)	(4,831)	(4,174)
<b>Surplus/(Deficit) (\$000)</b>	127	(371)	288

\*The appropriation revenue received by the XRB equals the Government's actual expenses incurred in relation to the appropriation, which is a required disclosure from the Public Finance Act 1989.

In the following pages (35-45) we set out, for this appropriated output class (and the individual outputs that make up the class):

- The scope and what is intended to be achieved;
- The assessment of our performance;
- An explanation of our performance (if relevant); and
- Financial performance.

## Overall Performance Statement

This output class is intended to achieve the development and issuing of accounting and auditing, and assurance standards and associated documents that align with international standards and are harmonised with Australian standards where applicable.

Performance will be assessed by the extent to which the accounting and audit & assurance standards on issue in New Zealand are converged with international standards and harmonised with Australian standards, where applicable.

Assessment of performance	2016/17 Actual standard of performance	2016/17 Budgeted standard of performance	2015/16 Actual standard of performance
Number of amendments to accounting standards Tier Strategy submitted to Minister for approval	No amendments required	As required: expected to be 0	No amendments required
Number of exposure drafts, standards and related documents issued	54*	40-65 (depends on output of international Boards)	67
Standards reflect relevant international standards with departures only to improve quality and are harmonised with Australia where applicable	100% compliance	100% compliance	100% compliance
Statutory due process requirements followed	100% compliance	100% compliance	1 instance of non-compliance
Standards relating to existing standards suites issued in time for the commencement date to be no later than the international commencement date (where relevant)	100% compliance	100% compliance	100% compliance

\* See pages 44 and 45 for variance explanation

## Strategic Intentions

Our Statement of Intent sets out forward-looking measures for our performance, reflecting delivery against our strategic intentions. In this Annual Report, we report on measures in our Statement of Intent for the 2014-2019 period, which was published in 2014 and updated in 2017. The strategic intentions of the XRB, which provided the strategic context for the 2016/17 Statement of Performance Expectations, are in summary as follows:

- Establishing a period of relative stability during which the existing suites of standards are maintained to reflect changes to international standards and, where necessary, enhanced to address any deficiencies or gaps that are critical to user-needs and the quality of financial reporting;
- Undertaking organised research into the financial and non-financial information needs of the various users of XRB standards as a basis for considering enhancements to the financial reporting framework or specific standards in the future, and to help inform efforts to influence the work of the international standard setting boards;
- Actively seeking to influence the agenda and standards development work of the international standard setting boards based on two broad (and interconnected) approaches: relationships and participation;
- Continuing to enhance constituency engagement and support; and
- Maintaining a high-performance culture commensurate with achieving the XRB's outcome goals, while operating in a financially prudent manner and maintaining the level of capability needed to deliver the outputs required.

## Outcome Goal – Performance Statement

We have three outcomes which, through the above-mentioned strategic intentions, we seek to impact and influence. The XRB’s outcome goal is: the establishment of accounting and audit & assurance standards that:

- Engender confidence in New Zealand financial reporting;
- Assist entities to compete internationally; and
- Enhance entities’ accountability to stakeholders.

The performance measures established against our outcome goal and the highlighting and explaining of the impacts and influences we achieved, for the 2016/17 financial year, are included in the table below:

XRB Outcomes	XRB Outcome Measures 2016/17
<p><b>Increased confidence</b></p>	<p><i>Sound, coherent financial reporting strategy and standards frameworks that ensure stability, appropriateness and legislative alignment</i></p>
<ul style="list-style-type: none"> <li>• Enduring policy of international convergence/ harmonisation, sector-specific standards and Tier Structure</li> <li>• Consistency of standards frameworks with legislative frameworks</li> <li>• Reliability of financial reporting strategy and standards frameworks that require infrequent changes</li> <li>• Responsiveness and timeliness of standards frameworks to legislative changes and stakeholder feedback</li> </ul>	<ul style="list-style-type: none"> <li>• There has been no change to the policy of adopting international standards, sector-specific standards or the Tier Strategy in the 2016/17 financial year. The Minister was not required to approve any new, or amended, strategy or framework.</li> <li>• There were no legislative changes in the 2016/17 financial year that required significant amendments to standards frameworks. The standards frameworks continue to be aligned with the relevant legislative frameworks. The XRB is awaiting the passing of the proposed new incorporated societies legislation before reviewing, and aligning where necessary, the standards framework with the new legislation.</li> <li>• In May 2017, the Te Ture Whenua Maori Act 1933 was amended to change the reporting and audit obligations of Maori incorporations, to require only large Maori incorporations (as defined in the Act) to prepare financial statements that comply with generally accepted accounting practice (GAAP). Consequently, the XRB removed the redundant reference to the Te Ture Whenua Maori Act 1933 from the Tier 4 Public Benefit Entity Simple Format Reporting – Cash (Not-for-profit) Standard.</li> <li>• The XRB continues to hold discussions with policy makers and other key stakeholders and make submissions on relevant consultation documents. XRB staff now participates as an observer on the Audit Oversight Committee of the Financial Markets Authority (FMA).</li> </ul>
<p><b>Improved competition</b></p>	<p><i>Converged and harmonised accounting and assurance standards that ensure comparability and reduced cost of capital</i></p>
<ul style="list-style-type: none"> <li>• Continuation of XRB’s policy on influencing international boards</li> </ul>	<ul style="list-style-type: none"> <li>• The XRB continued with its policy of influencing international boards in the 2016/17 financial year, with standards board members and/or staff visiting, attending, participating in and, in some instances, presenting to various international meetings and forums. This included the presentation of the XRB’s research findings into the information needs of users of reports of capital market entities to the Accounting Standards</li> </ul>

<ul style="list-style-type: none"> <li>• Independent reports/studies/comment on New Zealand's: <ul style="list-style-type: none"> <li>○ international competitiveness/competitive position</li> <li>○ ranking attributable to accounting and assurance standards</li> <li>○ reaction to international reporting trends</li> </ul> </li> <li>• Responsiveness of standards to new (or amended) international standards</li> <li>• Number of requests for New Zealand-specific amendments to standards that are not related to legislative or standards frameworks</li> <li>• Timeliness of changes to standards to reflect stakeholder feedback</li> </ul>	<p>Advisory Forum (ASAF) of the International Accounting Standards Board (IASB) and at the 2016 Annual Asian-Oceania Standard Setters Group (AOSSG) meeting.</p> <ul style="list-style-type: none"> <li>• The XRB hosted the eighth Annual AOSSG meeting in November 2016 in Wellington. Key delegates from 16 member-jurisdictions from Australia, Cambodia, China, Hong Kong, Indonesia, Japan, Korea, Macao, Malaysia, Nepal, New Zealand, Philippines, Singapore, Sri Lanka, Thailand and Vietnam, as well as the IASB and the IFRS Foundation were present at the meeting.</li> <li>• The XRB's policy of influencing the work of international boards also included hosting visits to New Zealand by international board members and/or key staff from the IASB, the International Public Sector Accounting Standards Board (IPSASB) and the International Auditing and Assurance Standards Board (IAASB).</li> <li>• New Zealand's influence on the international boards was further strengthened in the 2016/17 financial year through the New Zealand IPSASB member's appointment as Deputy Chair of IPSASB from 1 January 2017 for a year. In addition, a New Zealand member has been appointed to the membership of the IAASB from 1 January 2017 for a 3-year term. New Zealand is also represented on the IAASB's task forces on emerging external reporting and auditor reporting.</li> <li>• The XRB and its two sub-Boards continue to make submissions to international boards on relevant governance, framework and standards consultation and due process documents. The achievement of responsiveness to new (or amended) international standards is reflected in the quantity, quality and timeliness measures of the output of each Board<sup>7</sup>.</li> <li>• New Zealand continues to rank highly for the strength of its auditing and reporting standards. In the <i>Strength of Auditing and Reporting Standards Index</i> in the Global Competitiveness Report 2016-2017<sup>8</sup> by the World Economic Forum, New Zealand ranked 4<sup>th</sup> out of 138<sup>9</sup> countries for the strength of its auditing and reporting standards (compared to 3<sup>rd</sup> out of 140 countries in 2015-2016).</li> <li>• The International Monetary Fund's Financial System Stability Assessment of New Zealand (April 2017) lists the Preconditions for Effective Banking Supervision. "Strong independent professions (legal, accounting and actuarial) and adherence to international and professional standards (IFRS, actuarial standards, etc.)" are factors contributing to New Zealand having "...a well-developed public infrastructure to support its financial system".<sup>10</sup></li> <li>• The XRB continues to monitor overseas practices and developments on non-financial reporting, including the IASB's projects on wider corporate reporting. The XRB is also working actively to raise awareness among entities on the importance of extended external reporting (EER), including information on sustainability, diversity, business risks, corporate governance and relationships with stakeholders and</li> </ul>
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<sup>7</sup> See the Performance Statements for Output 1, Output 2 and Output 3 for the quality and timeliness measures and the footnotes under Output 1, Output 2 and Output 3 for the number of submissions made by each Board.

<sup>8</sup> [Global-competitiveness-index 2016-2017](#)

<sup>9</sup> Although New Zealand is assigned the 4<sup>th</sup> rank in 2016-2017, its rating of 6.4 out of 7 is the same rating as the 3<sup>rd</sup> ranked country (Norway) and is also unchanged from New Zealand's 2015-2016 rating of 6.4.

<sup>10</sup> International Monetary Fund, New Zealand Financial System Stability Assessment, 10 April 2017 (pp.55-56) [IMF-releases-New-Zealand-FSAP-findings-and-recommendations](#)

	<p>the manner in which they are reported. This is to ensure New Zealand entities keep pace with international developments and practices in EER.</p>
<p><b>Improved accountability</b></p>	<p><i>Accounting and assurance standards that ensure financial/corporate reports and auditors' reports are transparent, comparable, complete and appropriate</i></p>
<ul style="list-style-type: none"> <li>• Continuation of XRB's policy of ensuring corporate information meets user needs using findings from XRB and independent New Zealand user-needs research</li> <li>• Independent reports/studies/comment about: <ul style="list-style-type: none"> <li>○ transparency and understandability of reported corporate information</li> <li>○ audit quality</li> <li>○ stakeholder awareness of wider corporate reporting and non-financial reporting matters</li> </ul> </li> <li>• Responsiveness of standards to new (or amended) international standards</li> <li>• Number of requests for New Zealand-specific amendments to standards that are not related to legislative or standards frameworks</li> <li>• Timeliness of changes to standards to reflect stakeholder feedback</li> </ul>	<ul style="list-style-type: none"> <li>• The XRB continues to carry out user-needs research and surveys to help ensure our standards are "fit-for-purpose". The XRB completed a survey into the use of alternative performance measures (APMs) by users of corporate information. Findings from the survey indicate that, subject to caveats, users in New Zealand use APMs and find them useful when used in conjunction with GAAP measures. The XRB will use the findings as a basis to engage with the IASB, company directors and regulators to improve corporate reporting.</li> <li>• The XRB commenced research into the information and assurance needs of users of for-profit Tier 2 entities to determine if Tier 2 accounting requirements meet user-needs. Massey University has been commissioned for this research, due for completion in the second half of 2017.</li> <li>• The XRB commenced surveys on the "state of play" of extended external reporting in New Zealand in conjunction with McGuinness Institute. The surveys, from both preparer and user perspectives, aim to determine if user needs for EER information is being met by listed and large New Zealand entities. The surveys are due for completion at the end of 2017.</li> <li>• The FMA's audit oversight of audit quality is assessed against the XRB's assurance framework and auditing &amp; assurance standards. The FMA acknowledges a noticeable improvement in audit quality over previous years<sup>11</sup>. However, the XRB will monitor closely the FMA's assessment of the implementation of the new standard on auditor reporting in the coming year. In the financial reporting area, the FMA's Conduct Outcomes Report 2016<sup>12</sup> indicates it takes action where there is non-compliance with financial reporting obligations. We have not received any negative feedback or referrals from the FMA, or other regulators, relating to our accounting and auditing &amp; assurance standards, as a result of regulatory monitoring and oversight.</li> <li>• The XRB has actively engaged with its not-for-profit stakeholders and Charities Services to monitor the first year of implementation of PBE accounting standards.</li> <li>• A survey by BDO<sup>13</sup> in April 2017 on Financial Reporting Preparedness of registered charities indicates that, overall, the community is reasonably well prepared for the changes in financial reporting. The survey of 709 registered charities, as they complete their first financial reporting under PBE accounting standards, reports that 31% of the respondents indicate they were "very well prepared" for the changes in financial reporting and 56% "knew about it and had some knowledge". BDO states that "This is a credit to the Government agencies such as Charities Services and XRB,</li> </ul>

<sup>11</sup> [FMA's Audit Quality - Monitoring Report 1 July 2015 to 30 June 2016](#)

<sup>12</sup> [FMA's Conduct Outcomes Report 2016](#)

<sup>13</sup> [BDO Financial Reporting Preparedness Survey April 2017](#)

and other organisations that have been working on these changes since March 2013”.

- In a Horizon Research *Public Trust and Confidence in Charities*<sup>14</sup> conducted for Charities Services, a range of factors are seen to contribute to building overall trust and confidence in the charitable sector, but a key driver is transparency around the use of charitable funds and letting the public know what they were doing. The XRB’s accounting standards contribute towards ensuring transparency about where funds have been spent and what services have been delivered. To further strengthen this accountability across all registered charities, the XRB is in the process of developing an accounting standard on service performance reporting by Tier 1 and Tier 2 PBEs and an assurance standard for assuring such information.
- An internal survey by Charities Services on the use of accounting standards by registered charities for the first twelve months of applying the accounting standards indicates that, as at July 2017, 65% of registered charities across all four tiers of reporting prepared their financial statements using some or all the new accounting standards. Of these, 100% of Tier 1 entities, 96% of Tier 2 entities, 89% of Tier 3 entities and 56% of Tier 4 entities were using some or all the standards.
- One request was received from Charities Services to review the calculation of the size threshold for Tier 4 Public Benefit Entities (PBEs) (not-for-profit or public sector entities) that also control other entities for financial reporting purposes. Consequently, clarifications are being proposed to the calculation of total operating payments for Tier 4 PBEs that also control other entities for financial reporting purposes.

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<sup>14</sup> [Horizon Research Survey of Public Trust and Confidence in Charities December 2016](#)

## Outputs – Performance Statement

As detailed earlier, the XRB specified three key outputs for the 2016/17 year;

**Output 1:** Financial Reporting Strategy;

**Output 2:** Developing and issuing Accounting Standards; and

**Output 3:** Developing and issuing Audit & Assurance Standards.

All three outputs were delivered during the year and all performance measures and targets specified for those outputs were met. The output of the international boards fluctuates and this is reflected in the XRB's output delivery for the year.

The performance measures established for our three outputs and the achievements during 2016/17 are included in the table below:

<b>Output 1: Developing Financial Reporting Strategy</b>	<b>2016/17 Actual \$'000</b>	<b>2016/17 Budget \$'000</b>	<b>2015/16 Actual \$'000</b>
<b>Revenue from the Crown</b>	\$529	\$662	\$662
<b>Actual costs</b>	\$407	\$448	\$477
<b>Attributed Overhead costs and other revenue</b>	\$127	\$158	\$136
<b>Quantity</b>			
Number of standards frameworks being monitored	3	3	4 <sup>15</sup>
Number of amendments to accounting standards Tier Strategy submitted to Minister for approval	No amendments required	As required: expected to be 0	No amendments required
<b>Quality</b>			
Standards frameworks monitoring ensures consistency with international convergence and Australian harmonisation strategy, and approved Tier Strategy	100% consistent	100% consistent	100% consistent
Amendments to Tier Strategy consistent with statutory requirements and consistent with the Government's trans-Tasman outcome goals (degree of consistency determined by the XRB Board)	100% consistent No amendments were submitted to the Minister for approval	100% consistent - No amendments required	100% consistent No amendments were submitted to the Minister for approval

<sup>15</sup> The not-for-profit accounting framework, which was previously monitored separately, is now included in the Public Benefit Entity (PBE) accounting framework, reducing the number of frameworks being monitored from 4 to 3. The three frameworks being monitored are the assurance framework, the for-profit framework and the PBE framework.

<b>Timeliness</b>			
Monitoring of standards frameworks	Ongoing throughout the year	Ongoing throughout the year	Ongoing throughout the year
Amendments to Tier Strategy	No amendments required	As required	No amendments required

In addition to the above, the following submissions to consultations were also made during the year:

- To international standard setting boards or other international organisations: 2 (2015/16: 3)
- To domestic organisations: 4 (2015/16: 2)

<b>Output 2: Developing and Issuing Accounting Standards</b>	<b>2016/17 Actual \$'000</b>	<b>2016/17 Budget \$'000</b>	<b>2015/16 Actual \$'000</b>
<b>Revenue from the Crown</b>	\$2,470	\$2,734	\$2,734
<b>Actual costs</b>	\$1,912	\$2,429	\$2,023
<b>Attributed Overhead costs and other revenue</b>	\$591	\$653	\$562
<b>Quantity</b>			
Number of exposure drafts and other due process documents issued relating to implementing the accounting standards framework	1*	2	2
Number of standards and related documents issued relating to implementing the accounting standards frameworks	0*	2	4
Number of exposure drafts and other due process documents relating to existing accounting standards suites issued (mainly dependent on the output of international Boards)	15	13-19	26
Number of standards and related documents relating to existing accounting standards suites issued (mainly dependent on the output of international Boards)	16^	19-25	13
Number of projects undertaken on behalf of international accounting standard setters	1#	2	2
<b>Quality</b>			
Due process documents and standards reflect approved Tier Strategy (degree of compliance determined by NZASB)	100% compliance	100% compliance	100% compliance
Statutory due process requirements followed	100% compliance	100% compliance	100% compliance
Standards reflect relevant international standards with departures only to improve	100% compliance	100% compliance	100% compliance

quality (quality improvement determined by NZASB)			
For-profit standards harmonised with Australia where appropriate	100% compliance	100% compliance	100% compliance
<b>Timeliness</b>			
Due process documents and standards relating to the accounting standards framework issued in accordance with timeline established by the Board (usually not less than 90 days)	100% compliance	100% compliance	100% compliance
Due process documents and standards relating to existing accounting standards suites issued in time for the commencement date to be no later than the international commencement date (where relevant)	100% compliance	100% compliance	100% compliance

In addition to the above, the following submissions to consultations were also made during the year:

- To national or international standard setting boards: nil (2015/16: 10)

Explanation of major variances

- \* Budget had provided for amendments for legislative changes but the legislation has not been finalised.
- ^ The completion of a domestic project is taking longer than planned.
- # Level of input changed for an international project from project management to a consultative role.

<b>Output 3: Developing and Issuing Auditing &amp; Assurance Standards</b>	<b>2016/17 Actual \$'000</b>	<b>2016/17 Budget \$'000</b>	<b>2015/16 Actual \$'000</b>
<b>Revenue from the Crown</b>	\$1,411	\$1,014	\$1,014
<b>Actual costs</b>	\$908	\$853	\$716
<b>Attributed Overhead costs and other revenue</b>	\$338	\$242	\$208
<b>Quantity</b>			
Number of exposure drafts and other due process documents relating to auditing & assurance standards issued (mainly dependent on the output of international boards)	11#	3-6	9
Number of auditing & assurance standards and related documents issued (mainly dependent on the output of international boards)	11#	5-9	13
<b>Quality</b>			
Statutory due process requirements followed	100% compliance	100% compliance	1 instance of non-compliance
Standards reflect relevant international standards with departures only to improve quality (quality improvement determined by the NZAuASB)	100% compliance	100% compliance	100% compliance
Standards harmonised with Australia where appropriate	100% compliance	100% compliance	100% compliance
<b>Timeliness</b>			
Due process documents and Standards issued in time for the commencement date to be no later than the international commencement date (where relevant)	100% compliance	100% compliance	100% compliance

In addition to the above, the following submissions to consultations were also made during the year:

- Submissions to national or international standard setting boards: 2016/2017: 7 (2015/16: 8)

#### Explanation of major variances

- # Variance resulted from greater than expected output from the International Boards, and undertaking unexpected domestic local projects.



## Part 4: Financial Statements



## External Reporting Board

### Statement of Responsibility

#### For the Year Ended 30 June 2017

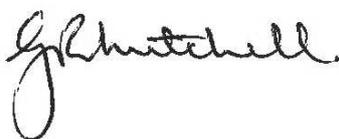
In terms of the Crown Entities Act 2004, the Board is responsible for the preparation of the External Reporting Board's financial statements and the Statement of Performance, and for the judgements made in them.

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 as to the integrity and reliability of financial reporting.

In the Board's opinion, these financial statements and the Statement of Performance fairly reflect the financial position and operations of the External Reporting Board for the year ended 30 June 2017.

For the External Reporting Board  
19 October 2017



**Graeme R Mitchell**

**Chair**



**Michele Embling**

**Deputy Chair**

## External Reporting Board

### Statement of Comprehensive Revenue and Expense

#### For the Year Ended 30 June 2017

	Notes	Actual 2017 \$'000	Budget 2017 \$'000	Actual 2016 \$'000
<b>Revenue</b>				
Revenue from the Crown		4,410	4,410	4,410
Interest received		19	50	51
Other income		0	0	1
<b>Total Revenue</b>		<b>4,429</b>	<b>4,460</b>	<b>4,462</b>
<b>Expenses</b>				
Personnel costs		2,265	2,526	2,154
Fees to board members	(1)	643	685	643
General operating costs		262	303	291
Travel		285	380	401
Contributions to IASB & IPSASB		300	300	300
Premises expenses		178	178	175
Depreciation and amortisation	(2,7,8)	71	125	55
Website / IT costs		93	85#	70
Miscellaneous costs		1	0	0
Professional fees		130	24#	9
Audit fees		25	25#	22
Research Expenses		49	200	54^
<b>Total Expenses</b>		<b>4,302</b>	<b>4,831</b>	<b>4,174</b>
<b>Surplus/(Deficit) and Total Comprehensive Revenue and Expense</b>		<b>127</b>	<b>(371)</b>	<b>288</b>

# These expenses were included in General Operating Costs in the Statement of Performance Expectations- we have disclosed them separately in this Annual Report for improved disclosure

^ Research expenses were classified as Miscellaneous expenses in the prior year Annual Report- we have disclosed them separately in the Annual Report for improved disclosure

Explanations of major variances to budget are provided in Note 19.

The Statement of Accounting Policies and the Notes to the Financial Statements form part of and are to be read in conjunction with the Statement of Comprehensive Revenue and Expense.

# External Reporting Board

## Statement of Financial Position

### As at 30 June 2017

	Notes	Actual 2017 \$'000	Budget 2017 \$'000	Actual 2016 \$'000
<b>Equity</b>				
Contributed Capital		725	725	725
Accumulated Surpluses:				
Opening accumulated surplus		1,997	1,901	1,709
Current year surplus / (deficit) and total comprehensive revenue and expense		127	(371)	288
<b>Total Equity</b>		<b>2,849</b>	<b>2,255</b>	<b>2,722</b>
<b>Current Assets</b>				
Cash at bank		1,239	1,978	2,750
Receivables		8	12	14
Prepayments		43	25	21
Investments	(3)	1,719	211	211
<b>Total Current Assets</b>		<b>3,009</b>	<b>2,226</b>	<b>2,996</b>
<b>Current Liabilities</b>				
Payables	(4)	433	340	407
Employee entitlements	(5)	152	85	104
Rent incentive	(6)	0	0	9
<b>Total Current Liabilities</b>		<b>585</b>	<b>425</b>	<b>520</b>
<b>Working Capital</b>		<b>2,424</b>	<b>1,801</b>	<b>2,476</b>
<b>Non-Current Assets</b>				
Property plant & equipment	(7)	228	229	225
Intangible assets	(8)	212	225	33
<b>Total Non-Current Assets</b>		<b>440</b>	<b>454</b>	<b>258</b>
<b>Non Current Liabilities</b>				
Provisions	(9)	15	0	12
<b>Total Non Current Assets</b>		<b>15</b>	<b>0</b>	<b>12</b>
<b>Total Net Assets</b>		<b>2,849</b>	<b>2,255</b>	<b>2,722</b>

Explanations of major variances to budget are provided in Note 19.

The Statement of Accounting Policies and the Notes to the Financial Statements form part of and are to be read in conjunction with the Statement of Financial Position.

## External Reporting Board

### Statement of Movements in Equity

#### For the Year Ended 30 June 2017

Notes	Actual 2017 \$'000	Budget 2017 \$'000	Actual 2016 \$'000
<b>Equity as at 1 July</b>	2,722	2,626	2,434
Total Comprehensive Revenue and Expense	127	(371)	288
<b>Equity as at 30 June</b>	<b>2,849</b>	<b>2,255</b>	<b>2,722</b>

The Statement of Accounting Policies and the Notes to the Financial Statements form part of and are to be read in conjunction with the Statement of Movements in Equity.

# External Reporting Board

## Statement of Cash Flows

### For the Year Ended 30 June 2017

Notes	Actual 2017 \$'000	Budget 2017 \$'000	Actual 2016 \$'000
<b>Cash Flows from Operating Activities</b>			
<i>Cash was provided from:</i>			
Revenue from the Crown	4,410	4,410	4,410
Interest received	19	50	51
	<b>4,429</b>	<b>4,460</b>	<b>4,461</b>
<i>Cash was disbursed to:</i>			
Payments for employees	2,217	2,535	2,121
Payments to suppliers	1,671	1,915	1,666
Contributions to international standards boards	300	300	300
	<b>4,188</b>	<b>4,750</b>	<b>4,087</b>
<b>Net Cash Flow from Operating Activities</b>	<b>241</b>	<b>(290)</b>	<b>374</b>
<b>Cash flows from Investing Activities</b>			
<i>Cash was disbursed to:</i>			
Investment	1,507	0	9
Purchase of Property plant and equipment	40	15	20
Intangibles	205	300	24
	<b>1,752</b>	<b>315</b>	<b>53</b>
<b>Net Cash Flow from Investing Activities</b>	<b>(1,752)</b>	<b>(315)</b>	<b>(53)</b>
Net Increase/Decrease in Cash	(1,511)	(605)	321
Add Opening Cash Balance	2,750	2,583	2,429
<b>Closing Cash Balance</b>	<b>1,239</b>	<b>1,978</b>	<b>2,750</b>

The Statement of Accounting Policies and the Notes to the Financial Statements form part of and are to be read in conjunction with the Statement of Cash Flows

# External Reporting Board

## Statement of Accounting Policies

### For the Year Ended 30 June 2017

#### (a) Reporting Entity

The XRB was established by the Financial Reporting Act 1993, with continued existence 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.

The XRB is an Independent Crown Entity under the Crown Entities Act 2004. It is responsible for financial reporting strategy, and preparing and issuing both accounting and auditing & assurance standards. This includes all the functions relating to the setting of accounting standards for entities required to apply or opt to apply External Reporting Board accounting standards, and auditing & assurance standards for auditors providing assurance required by statute.

The XRB has designated itself a public benefit entity for financial reporting purposes.

The financial statements for the XRB are for the year ended 30 June 2017 and were approved by the XRB Board on 19 October 2017.

#### (b) Basis of Preparation

##### *Statement of Compliance*

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

The financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the period.

These financial statements have been prepared in accordance with PBE Standards RDR. The criteria under which the XRB is eligible to report in accordance with PBE Standards RDR are:

- The XRB does not have public accountability as defined in XRB A1 *Accounting Standards Framework (For-profit Entities plus Public Sector Public Benefit Entities plus Not-for-profit Entities Update)* and
- The XRB has total expenses between \$2 million and \$30 million.

These financial statements comply with PBE Standards.

##### *Measurement base*

The accounting principles recognised as appropriate for the measurement and reporting of results and financial position on a historical cost basis have been applied.

##### *Functional, presentation currency and rounding*

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

##### *Changes in accounting policies*

There have been no changes in accounting policies during the financial year.

#### (c) Summary of Significant Accounting Policies

##### *Revenue*

Revenue is measured at the fair value of consideration received or receivable. Revenue is recognised when earned and is reported in the financial period to which it relates.

##### *Revenue from the Crown*

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

The XRB considers that there are no conditions attached to the Crown funding and as such it is recognised as revenue at the point of entitlement.

#### *Interest*

Interest income is recognised using the effective interest rate method.

#### *Goods and Services Tax (GST)*

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

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

#### *Income Tax*

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

#### *Budget figures*

The budget figures are derived from the Statement of Performance Expectations as approved by the XRB Board at the beginning of the financial year. The budget figures have been prepared in accordance with GAAP, using accounting policies that are consistent with those adopted by the XRB for the preparation of these financial statements.

#### *Operating Leases*

Leases that do not transfer substantially all the risks and rewards incidental to ownership of an asset to the XRB are classified as operating leases. Payments are recognised as an expense on a straight-line basis over the term of the lease in the Statement of Comprehensive Revenue and Expense when payable. Lease incentives received are recognised in the surplus as a reduction of rental expense over the lease term. The XRB has operating leases on its two premises at 50 Manners Street, Wellington and 55 Shortland Street, Auckland.

# External Reporting Board

## Notes to the Financial statements

### For the year ended 30 June 2017

#### 1. Fees to board members

The Fees to board members include the following fees paid to XRB Board members.

	Meetings Attended 2017	Board Fees 2017 \$	Other Fees 2017 \$	Total 2017 \$
<i>Total meetings held for the year</i>	6			
Michael Bradbury	2/2	5,240	1,310	6,550
Simon Carey	6/6	13,074	1,965	15,039
Neil Cherry	3/3	0	0	0
Annabel Cotton	1/3	2,594	0	2,594
Bill Edge- FRC	2/3	0	0	0
Michele Embling- Deputy Chair	6/6	12,075	2,939	15,014
Kimberley Crook	6/6	8,476	151,730	160,206
John Kensington	3/3	7,860	19,611	27,471
Graeme Mitchell- Chair	6/6	15,783	63,536	79,319
Jane Taylor	4/6	10,402	0	10,402
Fergus Welsh	6/6	0	0	0
<b>Total Board Fees</b>		<b>75,504</b>	<b>241,091</b>	<b>316,595</b>

	Meetings Attended 2016	Board Fees 2016 \$	Other Fees 2016 \$	Total 2016 \$
<i>Total meetings held for the year</i>	6			
Simon Carey	6/6	18,134	5,673	23,807
Neil Cherry	6/6	14,327	46,350	60,677
Annabel Cotton	6/6	15,598	0	15,598
Kimberley Crook	6/6	8,406	175,402	183,808
Michele Embling- Deputy Chair	5/6	13,226	0	13,226
Graeme Mitchell-Chair	6/6	15,496	51,822	67,318
Jane Taylor	6/6	16,813	0	16,813
Fergus Welsh	6/6	0	0	0
<b>Total Board Fees</b>		<b>102,000</b>	<b>279,247</b>	<b>381,247</b>

Michael Bradbury was appointed on 19 December 2016.

Other fees payable to Simon Carey include his participation on the Nominations Committee.

Neil Cherry's term on the NZAuASB and XRB expired on 30 June 2016, however, it was necessary for Neil to continue on the XRB until a qualified and suitable Board member was found to replace him. Neil Cherry elected not to invoice the XRB for these meetings up to 19 December 2016.

Annabel Cotton's term on the Board expired on 30 June 2016, however, it was necessary for Annabel to continue on the Board until a qualified and suitable Board member was found to replace her.

Bill Edge was appointed 19 December 2016 and is the Australian FRC representative and as such is not remunerated.

Other fees payable to Michele Embling include her role as Chair of the Nominations Committee.

Kimberley Crook is the Chair of the NZASB and is also a member of the AASB. Kimberley is also a member of the ASAF. Kimberley is also a participant on the Nominations Committee.

John Kensington was appointed 19 December 2016. John is also a member of the NZAuASB Board and Other Fees relates to fees paid for his role on the NZAuASB .

Graeme Mitchell is Chair of the XRB and is also the XRB representative on the Australian FRC.

Fergus Welsh is a state servant and accordingly is not remunerated as a Board member.

#### **Board Committee Remuneration:**

The XRB has two Committees – the New Zealand Accounting Standards Board (NZASB) and the New Zealand Auditing and Assurance Board (NZAuASB). The remuneration of members of these boards (other than members who are also members of the XRB Board) is as follows:

<b>NZASB</b>	<b>Meetings Attended 2017</b>	<b>Board Fees 2017 \$</b>	<b>Other Fees 2017 \$</b>	<b>Total 2017 \$</b>
<i>Total meetings held for the year</i>	8			
Stephanie Allan	7/8	18,314	1,297	19,611
Todd Beardsworth	8/8	0	0	0
Francis Caetano	8/8	20,882	6,589	27,471
Carolyn Cordery	4/4	10,480	0	10,480
Kimberley Crook- Chair	8/8	0	0	0
Charles Hett	7/8	18,288	1,310	19,598
Karl Hickey	8/8	19,585	1,048	20,633
Lyn Hunt	7/8	18,262	7,283	25,545
Kris Peach (AASB)	8/8	0	0	0
Angela Ryan – Deputy Chair	7/8	0	0	0
<b>Total Committee Fees</b>		<b>105,811</b>	<b>17,527</b>	<b>123,338</b>

<b>NZASB</b>	<b>Meetings Attended 2016</b>	<b>Board Fees 2016 \$</b>	<b>Other Fees 2016\$</b>	<b>Total 2016 \$</b>
<i>Total meetings held for the year</i>	8			
Stephanie Allan	8/8	18,134	0	18,134
Carolyn Cordery	8/8	22,049	0	22,049
Kimberley Crook - Chair	8/8	0	0	0
Clyde D'Souza	7/8	18,134	0	18,134
Karl Hickey	8/8	21,465	0	21,465
Robert Nelson	7/8	18,158	2,594	20,752
Lyn Hunt	7/8	17,161	4,215	21,376
Kris Peach (AASB)	6/8	0	0	0
Angela Ryan – Deputy Chair	7/8	0	0	0
Greg Schollum	4/4	0	0	0
<b>Total Committee Fees</b>		<b>115,101</b>	<b>6,809</b>	<b>121,910</b>

Francis Caetano, Charles Hett and Todd Beardsworth were appointed on 1 July 2016.

Carolyn Cordery resigned from the Board in December 2016. Greg Schollum resigned from the Board in December 2015.

Clyde D'Souza was appointed from the NZASB to the NZAuASB on 1 July 2016.

The AASB representative on the NZASB is not remunerated.

Both Todd Beardsworth and Angela Ryan are state servants and as such are not remunerated.

Kimberley Crook's fees are included in amounts reported for XRB Board members in the first two tables of this Note.

Other fees are payments made in relation to time spent on other matters over and above attendance at board meetings.

<b>NZAuASB</b>	<b>Meetings Attended 2017</b>	<b>Meeting Fees 2017 \$</b>	<b>Other Fees 2017 \$</b>	<b>Total 2017 \$</b>
<i>Total meetings held for the year</i>	6			
Robert Buchanan-Chair	6/6	19,377	66,682	86,059
Clyde D'Souza	4/6	9,668	1,310	10,978
Craig Fisher	6/6	18,410	11,955	30,365
Pat Heslin	5/6	15,694	1,310	17,004
Merran Kelsall (AUASB)	4/6	0	0	0
John Kensington- Deputy Chair	6/6	0	0	0
Chong Lim	6/6	0	0	0
Marje Russ	5/6	16,965	6,368	23,333
Karen Shires	5/6	12,720	1,310	14,030
Roger Simnett (AUASB)	1/1	0	0	0
Rowena Sinclair	6/6	15,720	5,212	20,932
<b>Total Committee Fees</b>		<b>108,554</b>	<b>94,147</b>	<b>202,701</b>

<b>NZAuASB</b>	<b>Meetings Attended 2016</b>	<b>Meeting Fees 2016 \$</b>	<b>Other Fees 2016 \$</b>	<b>Total 2016 \$</b>
<i>Total meetings held for the year</i>	7			
Robert Buchanan	7/7	18,158	2,756	20,914
Neil Cherry- Chair	7/7	0	0	0
Craig Fisher	6/7	15,888	5,350	21,238
Chong Lim	5/7	0	0	0
Merran Kelsall (AUASB)	4/7	0	0	0
Pat Heslin	6/7	15,564	0	15,564
John Kensington- Deputy Chair	7/7	19,431	0	19,431
Marje Russ	7/7	18,134	6,287	24,421
Karen Shires	6/7	16,861	0	16,861
Rowena Sinclair	6/7	15,540	5,506	21,046
<b>Total Committee Fees</b>		<b>119,576</b>	<b>19,899</b>	<b>139,475</b>

Robert Buchanan was appointed Chair of the NZAuASB 1 July 2016. Robert is also the NZAuASB representative on the Australian Auditing and Assurance Standards Board (AUASB) and attends international fora on behalf of the NZAuASB.

Clyde D'Souza was appointed from the NZASB to the NZAuASB on 1 July 2016.

John Kensington was appointed to the XRB Board 19 December 2016 and as such, his fees for his role on the NZAuASB are included in the first table of this note.

Chong Lim is a state servant and accordingly is not remunerated as a Board member.

The Australian Auditing and Assurance Standards Board (AUASB) representative on the NZAuASB is not remunerated by the XRB.

Neil Cherry's fees are included in amounts reported for XRB Board members in the first two tables of this Note.

Other fees are payments made in relation to time spent on other matters over and above attendance at board meetings.

## 2. Depreciation and Amortisation

### **Accounting Policy**

Depreciation:

Depreciation is calculated so as to write off the cost over the expected useful lives of the assets from the date they are brought into use.

Straight line depreciation is charged at the following rates:

- Furniture and Fittings 10.5%
- Plant and Equipment 30%
- Property Improvements 7%
- Computer Equipment 40%

Amortisation:

The carrying value of an 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 the asset is derecognised. The amortisation charge for the financial year is expensed in the surplus.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

- Software 40%
- Website 25%

	<b>Actual 2017 \$'000</b>	<b>Actual 2016 \$'000</b>
<b>Depreciation and Amortisation</b>		
Depreciation	45	41
Amortisation	26	14
<b>Total Depreciation and Amortisation</b>	<b>71</b>	<b>55</b>

The upgraded XRB website went "live" in April 2017 and amortisation commenced at that time.

## 3. Investments

### **Accounting Policy**

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.

	<b>Actual 2017 \$'000</b>	<b>Actual 2016 \$'000</b>
BNZ Term Deposits	1,719	211
<b>Total Investments</b>	<b>1,719</b>	<b>211</b>

The XRB has three term deposits at 30 June 2017:

\$500,000 for 151 days maturing 27 November 2017 at 3.31%

\$1,000,000 for 242 days maturing 26 February 2018 at 3.6%

\$219,304 for 273 days maturing 9 August 2017 at 3.6%

The carrying amount of term deposits approximates their fair value.

The BNZ has an AA- rating with Standard and Poors.

#### 4. Payables

##### **Accounting Policy**

Payables are initially measured at face value. After initial recognition, they are measured at amortised cost using the effective interest rate method.

	Actual 2017 \$'000	Actual 2016 \$'000
Creditors	143	147
Accruals	61	29
GST payable	229	231
<b>Total Payables</b>	<b>433</b>	<b>407</b>

Payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of payables approximates their fair value.

#### 5. Employee Entitlements

##### **Accounting Policy**

###### *Short term 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. These include salaries and wages accrued up to balance date and annual leave earned but not yet taken at balance date.

A liability and expense are recognised for performance incentives where there is a contractual obligation.

###### *Superannuation schemes*

###### *Defined contribution schemes*

Obligations for contributions to KiwiSaver are accounted for as defined contribution superannuation scheme and are recognised as an expense in the surplus as incurred. This was \$57,861 (2016: \$51,209).

	Actual 2017 \$'000	Actual 2016 \$'000
Holiday Pay Accrual	87	57
Accrued Salaries and Wages	65	47
<b>Total Employee Entitlements</b>	<b>152</b>	<b>104</b>

#### 6. Rent Incentive

##### **Current Liability**

	Actual 2017 \$'000	Actual 2016 \$'000
Rent Incentive	0	9
<b>Rent Incentive</b>	<b>0</b>	<b>9</b>

The rent incentives on our two leases expired 30 June 2017. The XRB has exercised its rights of renewal on leases at 50 Manners Street, Wellington and 55 Shortland Street, Auckland.

## 7. Property plant & equipment

### **Accounting Policy**

Property, plant and equipment consists of the following asset classes; furniture and fittings, plant and equipment, property improvements and computer equipment.

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the XRB and the cost of the item can be measured reliably.

Purchases of property, plant and equipment are initially recorded at cost.

Items of property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may overstate its recoverable service amount.

Costs incurred subsequent to the initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the XRB and the cost of the item can be measured reliably.

The costs of day to day servicing of property, plant and equipment are recognised in the surplus or deficit as they are incurred.

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

### **2016/17**

<b>\$'000</b>	<b>Furniture and Fittings</b>	<b>Plant And Equipment</b>	<b>Property Improvements</b>	<b>Computer Equipment</b>	<b>Total</b>
<b>Cost</b>					
Opening Balance	123	48	217	127	515
Additions	0	0	0	48	48
Disposals	0	0	0	9	9
<b>Closing Balance</b>	<b>123</b>	<b>48</b>	<b>217</b>	<b>166</b>	<b>554</b>
<b>Accumulated Depreciation</b>					
Opening Balance	64	48	72	106	290
Depreciation	12	0	16	17	45
Disposals	0	0	0	9	9
<b>Closing Balance</b>	<b>76</b>	<b>48</b>	<b>88</b>	<b>114</b>	<b>326</b>
<b>Carrying Amounts</b>					
At 30 June 2017	47	0	129	52	228
At 30 June 2016	59	0	145	21	225

## 8. Intangible Assets

### **Accounting Policy**

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. The XRB does not capitalise any internal costs incurred in the development of software for internal use.

Costs associated with maintaining computer software are recognised as an expense when incurred.

The XRB has completed the rebuild of its website during the financial year. The costs to date associated with this project, which will generate future service potential, have been capitalised as an intangible asset.

	<b>Actual 2017 \$'000</b>	<b>Actual 2016 \$'000</b>
<b>Cost</b>		
Opening Balance 1 July	74	50
Additions	205	24
Disposals	0	0
<b>Closing Balance 30 June</b>	<b>279</b>	<b>74</b>
<b>Accumulated Amortisation</b>		
Opening Balance 1 July	41	27
Amortisation	26	14
Disposals	0	0
<b>Closing Balance 30 June</b>	<b>67</b>	<b>41</b>
<b>Carrying Amount 30 June</b>	<b>212</b>	<b>33</b>

The intangible assets comprise software licenses and website development costs capitalised. The website was available for use from April 2017 and amortisation commenced at that time.

## 9. Provisions

	<b>Actual 2017 \$'000</b>	<b>Actual 2016 \$'000</b>
Provision for Make Good	15	12
<b>Total Provisions</b>	<b>15</b>	<b>12</b>

The XRB is required to make good any damage caused to the two office premises that it leases and remove any fittings and fixtures installed by the XRB. The Wellington office lease has been renewed to 30 June 2020 and has one further right of renewal.

The Auckland lease was renewed to 30 June 2019. There are no further rights of renewal on this lease.

## 10. Financial Instruments

### **Accounting Policy**

The XRB is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short term deposits, receivables and payables. All financial instruments are recognised in the Statement of Financial Position and all revenues and expenses in relation to financial instruments are recognised in the Statement of Comprehensive Revenue and Expense.

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

## 11. Employee Remuneration

<b>Remuneration Range</b>	<b>Actual 2017</b>	<b>Actual 2016</b>
\$100,000 - \$109,999	2	3
\$120,000 - \$129,999	1	1

\$130,000- \$139,999	1	1
\$150,000 - \$159,999	2	2
\$160,000 - \$169,999	1	1
\$170,000 - \$179,999	3	1
\$180,000 - \$189,999	1	1
\$190,000- \$199,999	0	1
\$230,000 - \$239,999	1	0

## 12. Related Party Information

The XRB is an independent Crown entity as defined by the Crown Entities Act 2004.

All related party transactions have been entered on an arm's length basis.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client / recipient relationship on terms which are no more or less favourable than those that it is reasonable to expect XRB would have adopted in dealing with a party at arm's length in the same circumstances.

Further, transactions with other Government agencies (for example Government departments, Crown Entities and SOEs) are not disclosed as related party transactions when they are consistent with the normal operating arrangements between Government agencies and undertaken on the normal terms and conditions for such transactions.

### *Key Management Personnel*

Nil transactions were entered into during the year with key management personnel.

### *Key Management Personnel Compensation*

	<b>Actual 2017 \$'000</b>	<b>Actual 2016 \$'000</b>
XRB Board meeting fees (remuneration to XRB Board members)	149	167
Full time equivalent members	0.5	0.5
Salaries and other short-term employee benefits	765	698
Full time equivalent employees	4	4
<b>Total Key Management Personnel Compensation</b>	<b>914</b>	<b>865</b>

Key management personnel include the XRB Board, the Chief Executive and three Directors- Director of Finance and Corporate Services, Director Assurance Standards and the Director of Accounting Standards. The Board meeting fees included above only include payments relating to work completed for the XRB Board- where members of the XRB Board are also on other boards such as Kimberley Crook (NZASB) and John Kensington (NZAuASB), these fees are excluded.

No XRB Board members received compensation or other benefits in relation to cessation (2016: nil).

## 13. Severance Payments

No severance payments were made to employees during the year (2016: nil).

## 14. Indemnity Insurance

The XRB has professional indemnity insurance at 30 June 2017 of \$1,000,000. (2016: \$1,000,000).

## 15. Operating Lease Commitments

	<b>Actual 2017 \$'000</b>	<b>Actual 2016 \$'000</b>
Not later than one year	151	164
Later than one year and not later than five years	265	1
Later than five years	0	0
<b>Total Operating Lease Commitments</b>	<b>416</b>	<b>165</b>

The XRB has entered into the following non-cancellable lease agreements which were effective 1 July 2011:

- The lease of premises at 55 Shortland Street, Auckland expires 30 June 2017. This lease has been renewed for the last right of renewal until 30 June 2019.
- The lease of premises at 50 Manners Street, Wellington has been renewed until 30 June 2020. This lease has one further right of renewal to 30 June 2023.

## 16. Capital Commitments

The XRB has no capital commitments at balance date (2016: \$59,674).

## 7. Contingent Liabilities

The XRB has no material contingent liabilities (2016: nil).

## 18. Events after the Balance Sheet Date

There were no significant events after the balance sheet date. (2016: nil).

## 19. Explanation of significant variances against budget

### Statement of Comprehensive Revenue and Expense

#### *Interest Received*

Interest income is lower than budget due to lower than expected interest rates earned.

#### *Personnel Costs*

The budget allowed for a full complement of staff for the whole financial year. One full time staff member was replaced by a part time employee. Provision was also made for our part time staff to go to full time and this did not eventuate during the financial year. Savings were also made in recruitment costs which were budgeted, but not necessary during the year.

#### *Fees to board members*

The budget for meeting fees includes the XRB Board and its two Committees, the NZASB and the NZAuASB. The budget had included fees for all Board members to attend the Asian Oceanian Standards Setters Group (AOSSG) Annual Meeting which was hosted by the XRB in Wellington in November 2016. This budget was unnecessary as most members were unable to attend.

#### *General Operating Costs*

Several expenses within general operating costs were under budget.

- ❖ Communications and media monitoring expenses were under budget as we have employed a Communications and IT Manager to reduce this expenditure as more work can be done in house.
- ❖ Constituency engagement costs are under budget and reducing as we employ more webinar technology to raise awareness rather than face-to-face seminars.

#### *Travel*

Travel costs are below budget due to constituent engagement events not requiring travel, as we are utilising technology to a greater extent to raise constituency engagement. In addition, we had budgeted for all Board and sub-committee members to attend the AOSSG meeting in Wellington which the majority of members were unable to attend.

#### *Depreciation and Amortisation*

The budget included amortisation on the upgraded website from October 2016 however, the revamped website was not ready to go live until April 2017.

#### *Website and IT Costs*

Website and IT costs are higher than previous years due to higher website hosting costs and additional operational expenses relating to the website upgrade.

#### *Professional Fees*

Professional fees comprise amounts paid to technical contractors. The XRB has contracted additional technical expertise to assist with our IT Infrastructure review including a contractor and Maven. We have also incurred costs for an audit team technical contractor during the year and also the costs of the New Zealand member on the IAASB.

#### *Research Expenses*

Research expenditure is under budget due to the deferral of two of our projects in the current year.

### **Statement of Financial Position**

#### *Cash at Bank*

Cash balances are lower than budget as several term deposits were created in the financial year which are now represented as Investments.

#### *Prepayments*

Prepayments include prepaid insurance, our licence for our Document Management System, teleconference software maintenance, ACC provisional, Complywith licence and our PMCA licence. Several travel prepayments are also included.

#### *Investments*

The XRB has three term deposits to maximise interest revenue. These deposits have varying maturities which are described in note 3 Investments.

#### *Intangibles*

The increase in intangibles is due to the upgrade of the XRB website which was completed in April 2017.

#### *Payables*

The increase in payables is due to a larger number of accruals required at this year-end.

#### *Employee Entitlements*

Employee entitlements have increased because of two extra part-time staff and the accrual of one extra day of salaries in this current year.

### *Provisions*

The non-current provision is for make good on our two leased premises. Both leases require make good on termination of the leases. Our Auckland premises lease has been renewed for a final time to 30 June 2019. A \$10,000 provision has been made in relation to the Auckland lease.

The Wellington premises has rights of renewal until 2023 and as such we have created a small provision of \$5,000 for make good of this space which will be increased over time until the lease expiry in 2023.

## Independent Auditor's Report

### To the readers of the External Reporting Board's financial statements and performance information for the year ended 30 June 2017

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

### Opinion

We have audited:

- the financial statements of the XRB on pages 49 to 66, that comprise the statement of financial position as at 30 June 2017, the statement of comprehensive revenue and expense, statement of movements in equity and statement of cash flows for the year ended on that date and the notes to the financial statements including a summary of significant accounting policies; and
- the performance information of the XRB on pages 17 to 26 and 34 to 45.

In our opinion:

- the financial statements of the XRB on pages 49 to 66:
  - present fairly, in all material respects:
  - its financial position as at 30 June 2017; and
  - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Entity Standards Reduced Disclosure Regime.
- the performance information on pages 17 to 26 and 34 to 45:
  - presents fairly, in all material respects, the XRB's performance for the year ended 30 June 2017, including:
  - for each class of reportable outputs:
  - its standards of delivery performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and
  - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year; and
  - what has been achieved with the appropriation; and
  - the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure.

- o complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 19 October 2017. This is the date at which our opinion is expressed.

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

### **Basis for our opinion**

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

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

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

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

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

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

### **Responsibilities of the auditor for the audit of the financial statements and the 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 the 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 the XRB's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- We evaluate the appropriateness of the reported performance information within the XRB's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the XRB's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the 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 the 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 7 to 13, 26 to 31, 48, and 71 to 72, 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 the XRB in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit, one employee of the Auditor-General has been a member of the New Zealand Accounting Standards Board (NZASB), one of the XRB's standards setting Boards. Another employee of the Auditor-General has been a member of the New Zealand Auditing and Assurance Standards Board (NZAuASB), the XRB's other standards setting Board. In addition, the Auditor-General was a member of the External Reporting Advisory Panel (XRAP) of the XRB. None of the NZASB, the NZAuASB or the XRAP has any influence over the governance, operations or accountability of the XRB. The employees and the Auditor-General provide their advice at no cost to the XRB.

An employee of the XRB is the spouse of the Chief Executive of Audit New Zealand. The XRB employee has no influence over the governance, operations or accountability of the XRB.

Other than the audit, our involvement with the NZASB, the NZAuASB and the XRAP, and the employee relationship, we have no relationship with or interests in the XRB.



S B Lucy  
Audit New Zealand  
On behalf of the Auditor-General  
Wellington, New Zealand

## Appendix: Board Members

### Members of the External Reporting Board during 2016-17

- Michael Bradbury, Professor, Massey University, Auckland (appointed 19 December 2016, term expires 18 December 2021).
- Simon Carey, Partner, Grant Thornton, Christchurch (term expires 16 August 2019).
- Neil Cherry, Deputy Chief Executive, Finance, Technology and Commercial – Department of Corrections, Wellington (term expired 19 December 2016).
- Annabel Cotton, Investment Analyst and Accountant, Hamilton (term expired 19 December 2016).
- Kimberley Crook, Partner, EY, Auckland (term expires 31 January 2020).
- Bill Edge, Chairman of Financial Reporting Council Australia, Melbourne (appointed 19 December 2016, term expires 28 July 2019)
- Michele Embling, Chair and Partner, PwC, Auckland, Deputy Chair XRB (term expires 16 August 2019).
- John Kensington, Partner, KPMG, Auckland (appointed 19 December 2016, term expires 18 December 2021).
- Graeme R Mitchell, Chartered Accountant, Wellington (Chair) (Chairman from 1 March 2014; term expires 28 February 2019).
- Jane Taylor, Lawyer and Company Director, Queenstown (term expires 8 December 2018).
- Fergus Welsh, Group Manager Financial Advice and Control – Ministry of Health, Wellington (term expires 31 January 2020).

### Members of the New Zealand Accounting Standards Board during 2016-17

- Stephanie Allan, General Manager, Pricing and Insights, Fonterra Co-operative Group Ltd, Auckland (term expires 30 June 2017).
- Todd Bearsdworth, Assistant Auditor General, Accounting and Auditing Policy at the Office of the Auditor General, Wellington (appointed 1 July 2016, term expires 30 June 2018).
- Francis Caetano, Group Financial Controller, Auckland Council, Auckland (appointed 1 July 2016, term expires 30 June 2019).
- Carolyn Cordery, Associate Professor, School of Accounting and Commercial Law, Victoria University of Wellington, Wellington (retired 31 December 2016).
- Kimberley Crook, Partner, EY, Auckland (Chair) (term expires 30 June 2017).
- Charles Hett, Qualified Actuary, Deloitte New Zealand, Wellington (appointed 1 July 2016, term expires 30 June 2019).

- Karl Hickey, Senior Finance Manager, Financial Policy and Advice, ANZ National Bank Ltd, Wellington (term expires 30 June 2019).
- Lyn Hunt, Partner, PwC, Auckland (term expires 30 June 2017).
- Kris Peach, Chair and CEO, Australian Accounting Standards Board, Melbourne (term expires 2 November 2019).
- Angela Ryan, Principal Accounting Advisor, The Treasury, Wellington (Deputy Chair) (term expires 30 June 2017).

## Members of the New Zealand Auditing and Assurance Standards Board during 2016-17

- Robert Buchanan, Lawyer, Wellington (Chair) (Chair role appointed 1 July 2016, term expires 30 June 2019).
- Clyde D'Souza, Principal D'Souza Associates, Wellington (appointed 1 July 2016, term expires 30 June 2019).
- Craig Fisher, Chairman, RSM Chartered Accountants, Auckland (term expires 30 June 2018).
- Pat Heslin, Retired Partner, Deloitte, Dunedin (term expires 30 June 2017)
- Merran Kelsall, Chair of Australian Auditing and Assurance Standards Board (AUASB), Melbourne (retired 31 March 2017).
- John Kensington, Financial Services Audit Partner, KPMG, Auckland (Deputy Chair) (term expires 30 June 2019).
- Chong Lim, General Manager, Professional Practices at Audit New Zealand, Wellington (term expires 30 June 2017).
- Marje Russ, Executive Director Tonkin & Taylor Group, Auckland (term expires 30 June 2017).
- Karen Shires, Financial Assurance Partner, PwC, Auckland (term expires 30 June 2018).
- Roger Simnett is Scientia Professor of Auditing, University of New South Wales and Chairman of AUASB, Sydney (appointed 1 April 2017, term expires 31 March 2022).
- Rowena Sinclair, specialises in not-for profit research and is a PhD supervisor at AUT University, Tauranga (term expires 30 June 2017).

Further information about the Members of the XRB, NZASB and NZAuASB is available at [www.xrb.govt.nz](http://www.xrb.govt.nz).

