

Who we are

- The External Reporting Board (XRB) is an Independent Crown Entity. We develop and issue financial reporting, auditing and assurance, and climate standards for for-profit, not-for-profit and public sector entities.
- The Governor-General appoints up to nine members to the XRB Board on the recommendation of the Minister of Commerce and Consumer Affairs.
- The XRB is not a regulator; monitoring or enforcement functions are carried out by the Financial Markets Authority (FMA).
- Crown funding in 2024/25 is \$8.319m.
- 33 full-time equivalent employees.

Our purpose

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

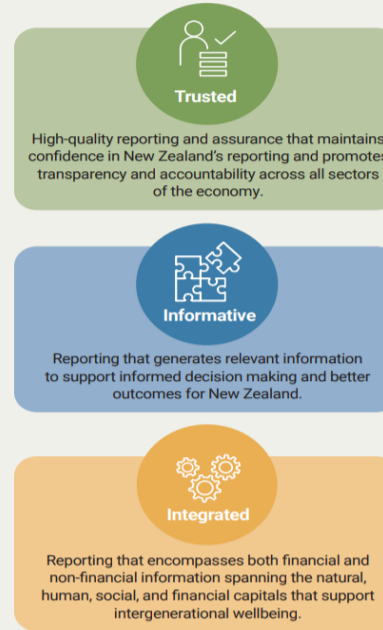
The value of external reporting

- High-quality external reporting:
 - improves business and investment decision making
 - reduces the cost of capital
 - enables New Zealand entities to access international capital and participate in global trade
 - improves public sector management
 - increases accountability, openness and transparency by all reporting entities.

The importance of independent standard setting

- The Financial Reporting Act 2013 requires us to consult affected parties before issuing standards and to act independently. These requirements help ensure that standards are credible, high quality, are not unduly influenced by interested parties (e.g., the accounting profession, reporting entities and regulators) and meet users' information needs.
- Independent standard-setting has long been accepted as best practice both at the international level and for national standard setters.

Our strategic intentions



What we will deliver



What we do

- Our main statutory functions are to issue:
 - *Financial reporting standards* that describe how to report an entity's financial activities to make financial information meaningful and comparable for users.
 - *Climate standards* that describe how to report an entity's climate-related risks and opportunities
 - *Auditing and assurance standards* that establish the objectives and requirements for conducting audits and other assurance engagements
 - *Professional and ethical standards* that apply to all assurance practitioners applying the XRB auditing and assurance standards

Financial reporting standards

- Financial reporting standards govern the content of financial statements prepared by entities under more than 60 statutes. Our standards apply to:
 - For-profit entities (e.g., listed companies, banks, insurers, state-owned enterprises, overseas companies, and non-listed companies)
 - The public sector (e.g., the Crown, government departments, Crown entities and local government)
 - Not-for-profit entities (e.g., registered charities and incorporated societies)

Audit and assurance standards

- Assurance practitioners promote trust and confidence by expressing an opinion on the reliability of reported information.
- Audit and assurance standards establish the objectives and requirements for conducting audits and other assurance engagements.
- They are an essential part of the system of regulating assurance practitioners.

Climate standards

- Climate standards require Climate Reporting Entities (CREs) to report on their climate-related governance, strategy and risk management, and disclose relevant metrics and targets such as greenhouse gas emissions.
- Around 200 of New Zealand's most economically significant entities were designated CREs, and began reporting against climate standards from 1 January 2023. The first climate statements were published in 2024.
- The XRB is responsible for setting standards; we do not decide who they apply to.

Key current projects

- **Audit of financial statements** – Consistent with international developments, we are consulting to improve audit quality and enhance auditors' responsibilities in relation to fraud and going concern. We have consulted on whether New Zealand should adopt a new auditing standard for less complex entities. Based on feedback, we will decide whether this standard should be introduced to address concerns that auditing standards are written in the context of highly regulated, large, listed entities, or what further actions to take.
- **New accounting standards** – We are developing two standards that will improve the consistency and quality of reporting by public sector and not-for-profit entities, using new international standards as starting points. The revenue standard would replace three existing standards with a single enhanced standard. The standard on transfer expenses would fill a significant gap in existing standards.
- **Effectiveness evaluation** – We have engaged the University of Otago to evaluate whether the climate-related disclosure framework is achieving its purpose of ensuring the effects of climate change are routinely considered in business and investment decisions. The report will be published in late 2025.
- **Differential climate reporting** – We will shortly begin a phased consultation on differential climate reporting to better meet the needs of reporting entities and primary users. This consultation will also consider the international alignment of Aotearoa New Zealand Climate Standards. We are working with MBIE to ensure we consider the implications of the government's consultation on adjustments to the climate-related disclosure regime.
- **Service performance reporting for not-for-profit entities** - We are developing a discussion paper to solicit feedback to address challenges experienced by the not-for-profit sector in the preparation and assurance of service performance reporting.
- **Intergenerational impact reporting framework** – We are trialing a voluntary, intergenerational impact reporting framework that incorporates a te ao Māori perspective. It is intended to be helpful and usable by all reporting entities.

International liaison

- We adopt various international standards including International Financial Reporting Standards, International Public Sector Accounting Standards, and International Standards on Auditing.
- For this reason, we seek to influence the work of international standard-setting boards to ensure that international standards are relevant in a New Zealand context and align with our regulatory and legislative environment.
- New Zealand has a longstanding reputation for being a world leader in public sector standard setting.
- There are cross-membership arrangements with the equivalent Australian strategy and standard-setting boards.

On the horizon

- **Sustainability reporting** – The scope of sustainability reporting is rapidly changing. While many jurisdictions continue to move towards mandatory reporting, there is a strong drive towards simplification. The XRB intends to develop a sustainability reporting strategy appropriate for New Zealand.
- **The scope of assurance** – Historically, auditors have primarily carried out audits of historical financial statements. However, there is increasing demand for assurance of non-financial quantitative disclosures and forward-looking qualitative information. The assurance profession is upskilling to meet these new capacity demands. We are exploring ways of enhancing trust and confidence in climate statements and non-financial information.
- **Financial reporting** - International reporting standards have evolved and become more complex reflecting the rapidly evolving landscape of transactions and economic realities. One of our main focus areas is to ensure we are internationally aligned, and that our financial reporting standards are locally relevant. With our recent appointment to an advisory group to the international standard setter we expect to strengthen our influence.