

## **PUBLIC BENEFIT ENTITY FINANCIAL REPORTING STANDARD 43 SUMMARY FINANCIAL STATEMENTS (PBE FRS 43)**

**Issued September 2014 incorporates amendments to 31 January 2017 other than consequential amendments resulting from early adoption of PBE IPSASs 34 to 38 which deal with interests in other entities**

This Standard was issued on 11 September 2014 by the New Zealand Accounting Standards Board of the External Reporting Board pursuant to section 12(a) of the Financial Reporting Act 2013.

This Standard is a disallowable instrument for the purposes of the Legislation Act 2012, and pursuant to section 27(1) of the Financial Reporting Act 2013 takes effect on 9 October 2014.

Reporting entities that are subject to this Standard are required to apply it in accordance with the effective date, which is set out in paragraphs 44 to 44.2.

In finalising this Standard, the New Zealand Accounting Standards Board has carried out appropriate consultation in accordance with section 22(1) of the Financial Reporting Act 2013.

This Tier 1 and Tier 2 PBE Standard has been issued as part of a revised full set of PBE Standards that incorporate enhancements for not-for-profit public benefit entities.

This Standard, when applied, supersedes PBE FRS 43 *Summary Financial Statements* issued in May 2013.

## **PBE FRS 43 SUMMARY FINANCIAL STATEMENTS**

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# PBE FRS 43 SUMMARY FINANCIAL STATEMENTS

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Public Benefit Entity Financial Reporting Standard 43 *Summary Financial Statements* is set out in paragraphs 1–45. All the paragraphs have equal authority. PBE FRS 43 should be read in the context of its objective, the NZASB’s Basis for Conclusions on PBE FRS 43, the *Public Benefit Entities’ Conceptual Framework* and Standard XRB A1 *Application of the Accounting Standards Framework*. PBE IPSAS 3 *Accounting Policies, Changes in Accounting Estimates and Errors* provides a basis for selecting and applying accounting policies in the absence of explicit guidance.

## **Introduction**

### **Reasons for Issuing the Standard**

This Standard establishes requirements for the preparation and presentation of summary financial statements by entities that have adopted PBE Standards.

### **Main Features of the Standard**

The Standard specifies the requirements for single period summary financial statements and multi-period summary financial statements.

This Standard applies when an entity presents summary financial statements instead of full annual financial statements to users who have public access to, or would otherwise have received, the entity's full annual financial statements. Summary financial statements are intended to meet the information needs of users who do not require all the information contained in full financial statements.

The Standard also applies to multi-period summary financial statements, including those provided in a product disclosure statement or a disclosure document, to the extent that application of this Standard is required by regulations.

The Standard requires that the information in summary financial statements be drawn from and be consistent with the information in the full financial statements for the period.

Although summary financial statements do not comply with all the disclosure requirements under generally accepted accounting practice, information provided in summary financial statements is required to comply with all measurement and recognition requirements under generally accepted accounting practice.

The Standard requires that summary financial statements include a summary of the financial statements included in a full financial report. If a full financial report also includes non-financial statements, the summary financial statements shall be accompanied by a summary of such non-financial statements. The Standard specifies the minimum disclosures for summary financial statements, but it does not prescribe the format in which summary financial statements are to be presented.

### **Reduced Disclosure Requirements**

Tier 2 entities must comply with all the provisions in the Standard. However, Tier 2 entities which apply reduced disclosure concessions in their full financial statements shall apply the same concessions in the summary financial statements relating to the full financial statements.

## Objective

1. The objective of this Standard is to specify the accounting practice and minimum disclosure requirements for summary financial statements of entities which are currently reporting in accordance with PBE Standards. Summary financial statements cover an annual reporting period or periods, are prepared for the users of general purpose financial statements, and present information at a reduced level from that contained in the full financial statements.
2. Summary financial statements are intended to meet the information needs of users who do not require all the information contained in full financial statements. Summary financial statements may be required by legislation or they may be voluntarily prepared by an entity. Summary financial statements generally contain less detail on the face of the statements and fewer notes than the full financial statements.

## Scope

3. **This Standard applies to Tier 1 and Tier 2 public benefit entities.**
  - 3.1 **An entity shall apply this Standard when it provides summary financial statements, for a single period or multi-periods, instead of full annual financial statements to users who have public access to, or would otherwise receive, the entity's full annual financial statements. Except as required by regulations, this Standard does not apply to:**
    - (a) **Summary financial statements included in the same document as the full financial statements;**
    - (b) **Summary financial statements for an interim period;**
    - (c) **Summary financial information such as a trend statement provided in an annual report or a product disclosure statement or a disclosure document that includes key financial indicators taken from the entity's financial statements;**
    - (d) **Financial information prepared by a third party without involvement of the governing body of an entity;**
    - (e) **Monthly statements produced by unit trusts; or**
    - (f) **General banking information prepared for customers, such as a key information summary.**

**Nevertheless, application of the principles set out in this Standard is encouraged for the preparation of all summarised historical financial information.**
  - 3.2 **A Tier 2 entity which applies reduced disclosure concessions in its full financial statements shall apply the same concessions in the summary financial statements relating to the full financial statements.**
4. This Standard adopts the term "summary financial statements". A variety of terms are used to describe such statements, including "concise financial statements", "condensed financial statements" and "abridged accounts".
5. As stated in paragraph 3.1, summary financial statements which are included in the same document as full financial statements are not subject to the requirements of this Standard, unless required by regulations. Summary financial statements presented on a web site that also contains the full financial statements will be regarded as being included in the same document as the full financial statements when the two sets of statements are presented in such a way as to provide the user with the impression that the two sets of statements form part of the same document. Such an impression may come about, for example, through both sets of statements being hyperlinked to/from a common contents page, or through both sets of statements being contained in the same web page or downloadable file.
6. The requirements in this Standard are part of PBE Standards only for the purposes of the presentation of summary financial statements. The presentation by an entity of summary financial statements in accordance with this Standard does not satisfy any obligation of that entity to present full financial statements in accordance with PBE Standards. Therefore the summary financial statements presented by an entity are additional to the full financial statements presented by that entity.

7. As stated in paragraph 3.1, application of the principles set out in this Standard is encouraged for the preparation of all summarised historical financial information. For example, the principles in this Standard could be applied to:
- (a) A summary of a full set of interim financial statements (that is, interim financial statements prepared in accordance with all the requirements of PBE Standards, as opposed to condensed financial statements prepared in accordance with PBE IAS 34 *Interim Financial Reporting*); and
  - (b) A summary of parent financial information presented in addition to the group financial information required by this Standard.

## Definitions

- 8.1 The following terms are used in this Standard with the meanings specified:

**Full financial statements** are the annual general purpose financial statements of an entity that are required to comply with all the requirements under PBE Standards.

**General purpose financial statements** are statements provided to meet the information needs of external users who are unable to require, or contract for, the preparation of special purpose reports to meet their specific information needs.

**Summary financial statements** are financial statements covering an annual reporting period that:

- (a) Are prepared for the users of the general purpose financial statements of an entity; and
- (b) Present a summary of the information contained in the full financial statements for the same period.

Terms defined in other PBE Standards are used in this Standard with the same meaning as in those Standards and are reproduced in the *Glossary of Defined Terms* published separately.

## Components of Summary Financial Statements

9. Summary financial statements shall include a summary of each financial statement included in a full financial report. If the full financial report is required to include non-financial statements such as a statement of service performance, the summary financial statements shall be accompanied by a summary of the non-financial statements required to be included in the full financial report.
10. Summary financial statements shall include a summary of the:
- (a) Statement of financial position as at the end of the period;
  - (b) Statement of comprehensive revenue and expense for the period;
  - (c) Statement of changes in net assets/equity; and
  - (d) Cash flow statement for the period.
11. Although this Standard specifies the statements to be presented and the minimum information to be disclosed, it does not prescribe the format in which summary financial statements are to be presented. Entities should develop a format that best meets the information needs of their users. Information may, for example, be presented in the form of graphs, pie charts or columns, with explanatory comments in “pop-up” boxes or similar.

## Overall Considerations

### Application of Materiality

- 11A. An entity shall disclose sufficient information in its summary financial statements to enable a reader to obtain a broad understanding of the financial position and performance of the entity in a manner that is neither misleading nor biased.
- 11B. The disclosures required by this Standard are subject to the definition of materiality in PBE IPSAS 1 *Presentation of Financial Statements*. They shall be disclosed separately if they are of such incidence and size, or of such nature, that their disclosure is necessary to explain the performance or financial position of the entity. A summary description of each material item, as included in the most recent full financial statements, shall be given to enable its nature to be understood. A summary description of items relating to

other periods covered by the summary shall be given where this is required for an understanding of the summary financial statements, taken as a whole.

- 11C. This Standard specifies minimum disclosures in respect of summary financial statements. When additional disclosures are made which are consistent with an appropriate financial reporting standard, there is no need to provide all the disclosures required by that financial reporting standard.

### Consistency with Full Financial Statements

12. **The information in the summary financial statements shall be drawn from and be consistent with information presented in the full financial statements for the relevant periods. Where information in the full financial statements for periods included in the summary financial statements has subsequently been restated or reclassified, the information in the summary financial statements shall be drawn from, and be consistent with, that restated or reclassified information. No further restatement or reclassification is permitted.**
13. **Subject to paragraph 34, any additional information presented with summary financial statements shall be drawn from and be consistent with information presented in the full financial report for the same period. Where additional information for periods included in the summary statements has subsequently been amended in a full financial report, the additional information in the summary financial statements shall be drawn from, and be consistent with, that amended information.**
14. To ensure that summary financial statements contain information which is faithfully representative and unbiased, it is important that the financial information disclosed is drawn only from information included in the full financial statements. It is also important that any additional information presented with summary financial statements is drawn only from information included in the full financial reports. However, the process of summarisation will inevitably mean that some information, especially narrative information, cannot be a duplicate of that expressed in the full financial statements or full financial reports. In such circumstances, such information shall, at a minimum, be consistent with that expressed in the full financial statements or annual report for the relevant period.
15. The information in the summary financial statements shall be prepared in accordance with all measurement and recognition requirements under PBE Standards. Although summary financial statements need comply only with the disclosures set out under this Standard, the information presented in them shall still meet all measurement and recognition requirements that apply to full financial statements.
16. If the entity presenting the summary financial statements is a group, the summary financial statements shall be presented for the group. Controlling entity financial information is not required.

## Single Period Summaries

### Specific Disclosures

17–18. [Not used]

- 18A. The requirements in this section of the Standard apply to single period summary financial statements. Single period summary financial statements provide a summary of the full financial statements for a period, including comparative information for that period.
19. An entity shall clearly identify each summary financial statement and the notes. In addition, the following information shall be displayed prominently, and repeated when it is necessary for a proper understanding of the information presented:
- (a) The name of the reporting entity or other means of identification, and any change in that information for the period(s) covered by the summary financial statements;
  - (b) Whether the summary financial statements are for a group or an individual entity;
  - (c) The reporting date or the period covered by the summary financial statements, whichever is appropriate to that component of the summary financial statements;
  - (d) The presentation currency, as defined in PBE IPSAS 4 *The Effects of Changes in Foreign Exchange Rates*; and
  - (e) The level of rounding used in presenting amounts in the summary financial statements.

20. [Deleted]
21. When an entity has prepared its financial statements on the basis that the entity is not a going concern, that fact shall be disclosed.
22. If the statement of financial position in an entity's full financial statements presents assets and liabilities using the current/non-current distinction rather than the alternative presentation outlined in paragraph 23, the summary statement of financial position shall disclose, as a minimum:
- (a) Current assets;
  - (b) Non-current assets;
  - (c) Current liabilities;
  - (d) Non-current liabilities; and
  - (e) Net assets/equity including separate disclosure of minority interests.
23. If the statement of financial position in an entity's most recent full financial statements presents assets and liabilities in order of liquidity the summary statement of financial position shall disclose, as a minimum:
- (a) Assets and liabilities broadly in order of liquidity; and
  - (b) Net assets/equity including separate disclosure of minority interests.
- 23A. **An entity shall present all items of revenue and expense recognised in a period:**
- (a) **In a single statement of comprehensive revenue and expense; or**
  - (b) **In two statements: a statement displaying components of surplus or deficit (separate statement of financial performance) and a second statement beginning with surplus or deficit and displaying components of other comprehensive revenue and expense (statement of other comprehensive revenue and expense).**
24. The summary statement of comprehensive revenue and expense shall, as a minimum, separately disclose:
- (a) Revenue;
  - (b) Finance costs;
  - (c) Share of the surplus or deficit of associates and joint ventures accounted for using the equity method;
  - (d) Tax expense;
  - (e) A single amount comprising the total of (i) the post-tax surplus or deficit of discontinued operations and (ii) the post-tax surplus or deficit recognised on the measurement to fair value less costs to sell or on the disposal of the assets or disposal group(s) constituting the discontinued operation;
  - (f) Surplus or deficit;
  - (g) Each component of other comprehensive revenue and expense classified by nature;
  - (h) Share of the other comprehensive revenue and expense of associates and joint ventures accounted for using the equity method; and
  - (i) Total comprehensive revenue and expense.
25. The following items shall be disclosed in the summary statement of comprehensive revenue and expense as allocations of surplus or deficit for the period:
- (a) Surplus or deficit for the period attributable to:
    - (i) Minority interest; and
    - (ii) Owners of the controlling entity;
  - (b) Total comprehensive revenue and expense for the period attributable to :
    - (i) Minority interest; and
    - (ii) Owners of the controlling entity.



- 25A. An entity may present in a separate statement of financial performance (see paragraph 23A) the line items in paragraph 24(a)–(f), and the disclosures in paragraph 25(a).
26. [Not used]
27. An entity shall present a summary statement of changes in net assets/equity. The summary statement of changes in net assets/equity shall, as a minimum, separately disclose:
- (a) Total comprehensive revenue and expense for the period showing separately the total amounts attributable to owners of the parent and to minority interest;
  - (b) The amounts of transactions with owners acting in their capacity as owners, including showing separately contributions by and distributions to owners; and
  - (c) Total net assets/equity and each component of net assets/equity.
28. [Deleted]
29. The summary cash flow statement shall include the following individual components:
- (a) Net cash flows from or used in operating activities;
  - (b) Net cash flows from or used in investing activities; and
  - (c) Net cash flows from or used in financing activities.

### Prospective Financial Statements

30. **Where, as required by other PBE Standards, an entity has presented a comparison of, and explanations for major variances between, prospective and historical financial statements in its full financial statements, the entity shall present a summary of that comparison and those explanations in its summary financial statements.**
31. A comparison of prospective and historical financial statements provides users with information that is useful in assessing the financial and service performance, financial position and cash flows of an entity. In the public sector, many entities are required by legislation to present such comparisons.
32. An entity should include a comparison of prospective and historical financial statements in its summary financial statements only if such a comparison has been included in the entity's full financial statements. If the entity presenting the summary financial statements is a group, in complying with paragraph 30, the entity would present a summary comparison of consolidated prospective and historical financial statements only if the entity had included such a comparison in its historical financial statements.

### Events Occurring After the End of the Reporting Period

33. **In respect of each non-adjusting event that occurs between the end of the reporting period and the date when the full financial statements are authorised for issue, the entity shall disclose the information required by paragraph 30 of PBE IPSAS 14 *Events After the Reporting Date*.**
34. This Standard does not require that an entity disclose information about events occurring after the date of authorisation of the full financial statements. However, entities may be subject to other requirements for the disclosure of such events.

### Additional Information

35. **Sufficient additional information shall be disclosed to ensure that all relevant matters are reported to the users of the summary financial statements. A summary description of each item, as included in the full financial statements, shall be given to enable its nature to be understood.**
36. Examples of the additional information required to be disclosed under paragraph 35 may include information with regard to contingent assets, contingent liabilities, related party transactions, commitments, discontinued activities and the basis on which the full financial statements were prepared if a fundamental uncertainty exists. Any additional information given shall be disclosed in accordance with the financial reporting standard, if applicable, relating to the item.

**Comparative Information**

37. **Comparative information for the previous reporting period shall be shown for all items disclosed in the summary financial statements, except when such information is not disclosed in the full financial statements. An entity shall disclose sufficient narrative and descriptive comparative information to enable a reader to obtain a broad understanding of the financial position and performance of the entity in a manner that is neither misleading nor biased.**

**Multi-period Summaries**

- 37A. The requirements in this section apply to multi-period summary financial statements falling within the scope of this Standard. Multi-period summary financial statements provide a summary of the full financial statements, including comparative information, for more than one period.

**Specific Disclosures**

- 37B. **An entity presenting summary financial statements for multiple reporting periods shall disclose the information required by paragraphs 19 to 29.**

**Prospective Financial Statements**

- 37C. **An entity presenting summary financial statements for multiple reporting periods shall disclose the information required by paragraphs 30 to 32 in relation to the most recent period in the summary.**

**Events Occurring After the End of the Reporting Period**

- 37D. **An entity presenting summary financial statements for multiple reporting periods shall disclose the information required by paragraphs 33 in relation to the most recent period in the summary.**
- 37E. An entity shall disclose the information required by paragraph 33 in relation to other periods covered by the summary only if the events referred to in those paragraphs continue to be relevant to an understanding of the summary financial statements, taken as a whole.

**Additional Information**

- 37F. **An entity presenting summary financial statements for multiple reporting periods shall disclose the information required by paragraphs 35 and 36 in relation to the most recent period in the summary.**
- 37G. An entity shall disclose the information required by paragraphs 35 and 36 in relation to other periods covered by the summary only if the events referred to in those paragraphs continue to be relevant to an understanding of the summary financial statements, taken as a whole.

**Comparative Information**

- 37H. **An entity presenting summary financial statements for multiple reporting periods shall disclose the comparative information required by paragraph 37 except that comparative information is not required for the earliest period in the summary.**

**Other Disclosures****Relationship to Full Financial Statements**

38. **The summary financial statements shall prominently display the following information:**
- (a) **A statement that the specific disclosures included in the summary financial statements have been extracted from the full financial statements. This statement shall identify which, if any, of these full financial statements contain information that has been restated or reclassified;**
  - (b) **The date on which the full financial statements for the most recent period in the summary were authorised for issue and who gave that authorisation;**
  - (c) **Whether the entity's full financial statements have been prepared in accordance with PBE Standards or PBE Standards RDR;**
  - (d) **Whether the entity has made an explicit and unreserved statement of compliance with PBE Standards or PBE Standards RDR in its full financial statements for each period presented in the summary;**

- (e) **That the summary financial statements do not include all the disclosures provided in the full financial statements and cannot be expected to provide as complete an understanding as provided by the full financial statements;**
  - (f) **Details as to how a user may obtain a copy of the full financial statements or full financial report; and**
  - (g) **Whether the full financial statements for each period presented in the summary have been audited and, if so, the nature of the audit opinion and any explanatory paragraphs in the audit report which highlight matters that are regarded as relevant to a proper understanding of the basis of the opinion.**
39. Disclosure of the nature of an entity and the financial reporting requirements that an entity has complied with in its full financial statements is important as the classification of an entity can affect its accounting policies. Disclosure of the relationship of the summary financial statements to the full financial statements is necessary to compensate for the fact that summary financial statements do not provide complete information about the entity for the period covered.
- 39A. Where information in the full financial statements for a period included in the summary financial statements has been restated or reclassified in subsequent financial statements, an entity shall disclose this fact. The entity shall also provide a summary of the changes to that information or provide directions as to the location of relevant disclosures.

#### **Accounting Policies**

40. **When a change in accounting policies during any period covered by the summary financial statements has a material effect in any period covered by the summary financial statements or is expected to have a material effect in a future financial period, the summary financial statements shall disclose a summary of the information required about such a change in accordance with the relevant standard (for example, PBE IPSAS 3 *Accounting Policies, Changes in Accounting Estimates and Errors*).**
41. **When an entity presents summary financial statements that encompass the entity's first PBE Standards full financial statements it shall identify which summary financial statements are in respect of its first PBE Standards full financial statements.**
42. **If an entity's summary financial statements are in compliance with this Standard, that fact shall be disclosed. An entity shall not describe summary financial statements as complying with PBE Standards. Summary financial statements may be described as complying with PBE Standards as they relate to summary financial statements.**

#### **Effective Date**

43–43A. [Not used]

44. **A public benefit entity shall apply this Standard for annual financial statements covering periods beginning on or after 1 April 2015. Earlier application is permitted for not-for-profit public benefit entities as long as the full suite of PBE Standards is applied at the same time.**
- 44.1 ***Amendments to PBE Standards and Authoritative Notice as a Consequence of XRB A1 and Other Amendments*, issued in December 2015, amended paragraph 38. An entity shall apply those amendments for annual financial statements covering periods beginning on or after 1 January 2016. Earlier application is permitted.**
- 44.2 ***2016 Omnibus Amendments to PBE Standards*, issued in January 2017, amended paragraph 14. An entity shall apply that amendment for annual financial statements covering periods beginning on or after 1 January 2017.**

#### **Withdrawal and Replacement of PBE FRS 43 (May 2013)**

45. This Standard, when applied, supersedes PBE FRS 43 *Summary Financial Statements* issued in May 2013.

## Basis for Conclusions

*This Basis for Conclusions accompanies, but is not part of, PBE FRS 43.*

BC1. The New Zealand Accounting Standards Board (NZASB) has not modified the requirements of FRS-43 *Summary Financial Statements* for application in by Tier 1 and Tier 2 public benefit entities. Where applicable, disclosure concessions have been identified for Tier 2 entities and the language generalised for use by public benefit entities. The NZASB considered that the requirements of FRS-43 are appropriate for application by public benefit entities.

## Comparison with FRS-43 *Summary Financial Statements*

PBE FRS 43 *Summary Financial Statements* is drawn from FRS-43 *Summary Financial Statements*. There are no significant differences between PBE FRS 43 and FRS-43.

## History of Amendments

PBE FRS 43 *Summary Financial Statements* was issued in September 2014.

This table lists the pronouncements establishing and substantially amending PBE FRS 43 as at 31 December 2015. The table is based on amendments issued as at 31 January 2017 other than consequential amendments resulting from early adoption of PBE IPSASs 34 to 38 which deal with interests in other entities.

<b>Pronouncements</b>	<b>Date issued</b>	<b>Early operative date</b>	<b>Effective date (annual financial statements ... on or after ...)</b>
PBE FRS 43 <i>Summary Financial Statements</i>	Sept 2014	Early application is permitted for not-for-profit public benefit entities	1 April 2015
<i>Amendments to PBE Standards and Authoritative Notice as a Consequence of XRB A1 and Other Amendments</i>	Dec 2015	Early application is permitted	1 Jan 2016
<i>2016 Omnibus Amendments to PBE Standards</i>	Jan 2017	–	1 Jan 2017

<b>Table of Amended Paragraphs in PBE FRS 43</b>		
<b>Paragraph affected</b>	<b>How affected</b>	<b>By ... [date]</b>
Paragraph 14	Amended	<i>2016 Omnibus Amendments to PBE Standards</i> [Jan 2017]
Paragraph 38	Amended	<i>Amendments to PBE Standards</i> [Dec 2015]
Paragraph 44.1	Added	<i>Amendments to PBE Standards</i> [Dec 2015]
Paragraph 44.2	Added	<i>2016 Omnibus Amendments to PBE Standards</i> [Jan 2017]