



NZ ACCOUNTING
STANDARDS
BOARD

Financial Reporting Standard No. 43

Summary Financial Statements (FRS-43)

Issued May 2007 and incorporates amendments up to and including 28 February 2014

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SUMMARY FINANCIAL STATEMENTS (FRS-43)

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Financial Reporting Standard No. 43 *Summary Financial Statements* (FRS-43) is set out in paragraphs 1–44 and Appendices A and B. All the paragraphs have equal authority. Paragraphs in bold type state the main principles. Terms defined in Appendix A are in italics the first time they appear in the Standard. Definitions of other terms are given in the Glossary.

FRS-43 should be read in the context of its objective, the New Zealand *Preface* and the New Zealand Equivalent to the IASB *Conceptual Framework for Financial Reporting* (NZ Framework). NZ IAS 8 *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 New Zealand equivalents to IFRSs (NZ IFRSs). The Standard updates the requirements of FRS-39 *Summary Financial Statements* for consistency with NZ IFRSs. The Standard supersedes FRS-39.

Main features of the Standard

The Standard specifies the requirements for single period summary financial statements and, following amendments in 2011, requirements for 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 Regime

Tier 2 for-profit entities must comply with all the provisions in this Standard. However, as identified in the Standard, Tier 2 for-profit entities which apply RDR disclosure concessions in their full financial statements shall apply the same concessions in the summary financial statements relating to the full financial statements.

Financial Reporting Standard 43

Summary Financial Statements (FRS-43)

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 New Zealand equivalents to International Financial Reporting Standards (NZ IFRSs). 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

- 2.1 **This Standard applies only to Tier 1 and Tier 2 for-profit entities.**
- 3 **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, such as information prepared by investment analysts for their clients;**
 - (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.
- 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, 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 Generally Accepted Accounting Practice in New Zealand (NZ GAAP) 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 NZ GAAP. 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, 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 NZ IFRSs, as opposed to condensed financial statements prepared in accordance with NZ 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.
- 8 [Deleted]

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 income for the period;
 - (c) statement of changes in equity (or statement of recognised income and expense) for the period; and
 - (d) statement of cash flows for the period (if not exempted).
- 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 NZ IAS 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 reliable 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 NZ GAAP. 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. Parent financial information is not required.

Single period summaries

Specific disclosures

- 17 [Deleted]
- 18 [Deleted]
- 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 NZ IAS 21 *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) equity including separate disclosure of non-controlling 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) equity including separate disclosure of non-controlling interests.
- 23A An entity shall present all items of income and expense recognised in a period:**
- (a) in a single statement of comprehensive income; or**
 - (b) in two statements: a statement displaying components of profit or loss (separate income statement) and a second statement beginning with profit or loss and displaying components of other comprehensive income (statement of comprehensive income).**
- 24 The summary statement of comprehensive income shall, as a minimum, separately disclose:
- (a) revenue;
 - (b) finance costs;
 - (c) share of the profit or loss 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 profit or loss of discontinued operations and (ii) the post-tax gain or loss 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) profit or loss;
 - (g) each component of other comprehensive income classified by nature (excluding amounts in (h));
 - (h) share of the other comprehensive income of associates and joint ventures accounted for using the equity method; and
 - (i) total comprehensive income.
- 25 The following items shall be disclosed in the summary statement of comprehensive income as allocations of profit or loss for the period:
- (a) profit or loss for the period attributable to:
 - (i) non-controlling interest; and
 - (ii) owners of the parent;
 - (b) total comprehensive income for the period attributable to:
 - (i) non-controlling interest; and
 - (ii) owners of the parent.
- 25A An entity may present in a separate income statement (see paragraph 23A) the line items in paragraph 24(a)–(f), and the disclosures in paragraph 25(a).
- 26 [Deleted]
- 27 An entity shall present a summary statement of changes in equity. The summary statement of changes in equity shall, as a minimum, separately disclose:
- (a) total comprehensive income for the period showing separately the total amounts attributable to owners of the parent and to non-controlling 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 equity and each component of 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, in accordance with FRS-44 *New Zealand Additional Disclosures*, 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 21 of NZ IAS 10 *Events after the Reporting Period*.

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 NZ GAAP, including that the entity is a for-profit entity;
 - (d) whether the entity has made an explicit and unreserved statement of compliance with IFRSs 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, NZ IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* or NZ IFRS 1 *First-time Adoption of New Zealand Equivalents to International Financial Reporting Standards*).
- 41** When an entity presents summary financial statements that encompass the entity's first NZ IFRSs full financial statements it shall:
- (a) identify which summary financial statements are in respect of its first NZ IFRSs full financial statements;
 - (b) include a summary of the reconciliations and other disclosures required by paragraphs 24 and 25 of NZ IFRS 1; and
 - (c) provide directions as to the location of these disclosures in the full financial statements for that period.
- 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 IFRSs or NZ GAAP. Summary financial statements may be described as complying with NZ GAAP as it relates to summary financial statements. In the context of summary financial statements in concise annual reports, compliance with GAAP means compliance with GAAP as it relates to summary financial statements.

Effective date

- 43** An entity shall apply this Standard to its summary financial statements for periods beginning on or after 1 January 2007. Earlier application is permitted only when an entity complies, or has complied, with NZ IFRS 1 in its annual financial statements for a period beginning on or after 1 January 2005. If an entity applies this Standard in summary financial statements for a period before 1 January 2007, it shall disclose that fact.
- 43A** NZ IAS 1 (as revised in 2007) amended the terminology used throughout NZ IFRSs. In addition it amended paragraphs 24, 25 and 27, deleted paragraph 28 and added paragraphs 23A and 25A. An entity applying NZ IFRSs shall apply those amendments for annual periods beginning on or after 1 January 2009. If an entity applies NZ IAS 1 (revised 2007) for an earlier period, the amendments shall be applied for that earlier period.
- 43B** Amendments to FRS-43 [June 2011] amended paragraphs 1, 3, 5, 7, 8, 12–14, 19, 21–23, 34, 37, 38, 40 and 41, added paragraphs 11A–11C, 18A, 37A–37H and 39A and deleted paragraphs 17, 18, 20 and 26. An entity applying NZ IFRSs shall apply those amendments for annual periods beginning on or after 1 January 2012. Early application is permitted.
- 43C** *Framework: Tier 1 and Tier 2 For-profit Entities*, issued in November 2012, deleted all public benefit entity paragraphs, deleted all differential reporting concessions, inserted scope paragraphs for Tier 1 and Tier 2 for-profit entities and identified disclosure concessions for Tier 2 entities. It made no changes to the requirements for Tier 1 entities. A Tier 2 entity may elect to apply the disclosure concessions for annual periods beginning on or after 1 December 2012. Early application is permitted.
- 43D** *Amendments to Accounting Standards: Omnibus Amendments (Legislative Update)*, issued in February 2014, amended paragraphs 3(c) and 42. An entity shall apply those amendments for annual periods beginning on or after 1 April 2014. Earlier application is not permitted.

Withdrawal of FRS-39

- 44** This Standard supersedes FRS-39 *Summary Financial Statements*.

Appendix A

Defined terms

This appendix is an integral part of the Standard.

In this Standard, technical terms have the same meaning as in the relevant Standards applied in the preparation of the financial statements for the current reporting period.

full financial statements	The annual general purpose financial statements of an entity that are required to comply with all the requirements under Generally Accepted Accounting Practice in New Zealand (NZ GAAP).
general purpose financial statements	Statements provided to meet the information needs of external users who are unable to require, or contract for, the preparation of special reports to meet their specific information needs.
summary financial statements	Financial statements covering an annual reporting period that: <ul style="list-style-type: none"> (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.

Appendix B

Amendments to other standards

The amendments in this appendix shall be applied in summary financial statements for annual periods beginning on or after 1 January 2007. If an entity applies this Standard for an earlier period, these amendments shall be applied for that earlier period.

The amendments contained in this appendix when this Standard was issued in 2007 have been incorporated into the relevant pronouncements.

FRSB Basis for Conclusions

FRS-43 *Summary Financial Statements*

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Basis for Conclusions on FRS-43 *Summary Financial Statements*

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

Introduction

- BC1 This Basis for Conclusions summarises the Financial Reporting Standards Board's (FRSB) considerations in reaching its conclusions on initially developing FRS-43 *Summary Financial Statements* (FRS-43) and on revising FRS-43 in 2010¹. The FRSB's objective in developing FRS-43 was to update the requirements of FRS-39 *Summary Financial Reports* for application by entities applying New Zealand equivalents to International Financial Reporting Standards (NZ IFRSs). The majority of the requirements in FRS-39 were carried forward without reconsideration by the FRSB. In developing FRS-43 the FRSB also considered whether any aspects of the equivalent Australian standard, AASB 1039 *Concise Financial Reports* (2005) should be adopted in New Zealand.
- BC2 [Deleted]

2010 review

- BC2A In 2010 the FRSB issued Exposure Draft 124 Proposed Amendments to FRS-43 *Summary Financial Statements* (ED 124) to clarify application of FRS-43 to summary financial statements for multiple periods. These amendments were in response to the promulgation of the Securities Regulations 2009 which require the Standard to be applied to certain five-year summaries presented in accordance with the Regulations.
- BC2B The 2010 review had a limited scope. Its purpose was to clarify the application of the Standard to summary financial statements prepared in accordance with the Securities Regulations 2009, particularly multi-period summaries. The FRSB also addressed an inconsistency between the requirements of FRS-43 and the International Standard on Auditing (New Zealand) 810 *Engagements to Report on Summary Financial Statements* (IAS (NZ) 810).

Scope (paragraphs 3–8)

- BC3 ED 107 *Summary Financial Statements* proposed that the Standard would apply to the general purpose summary financial statements of entities reporting in accordance with NZ IFRSs, except when those summary financial statements are included in an annual report or other document containing the full financial statements.
- BC4 Some respondents to ED 107 proposed extending the scope of the Standard. Suggestions included extending the scope to:
- (a) summary financial statements included in an annual report or other document that contains the full financial statements;
 - (b) summaries of full interim financial statements (that is, interim financial statements that comply with all the relevant requirements of NZ IFRSs); and
 - (c) the five year summary form information which is sometimes required in a prospectus.
- BC5 In considering respondents' comments on scope the FRSB decided to revise the scope of the Standard, to clarify its original intention when FRS-39 was developed. In developing FRS-39 the FRSB's intention was to improve the quality of general purpose summary financial statements provided to external users in lieu of the full financial statements. At that time the FRSB did not intend that FRS-39 be applied to other forms of summary financial information. It did not intend that FRS-39 be applied to summary financial statements included in the same document as the full financial statements, for the following reasons:
- (a) it would result in unnecessary duplication of information, particularly duplication of note disclosures; and

¹ Exposure Draft 107 *Summary Financial Statements* was issued in 2006. Exposure Draft 124 Proposed Amendments to FRS-43 *Summary Financial Statements* was issued in December 2010.

- (b) it would be difficult to establish appropriate scope boundaries. The FRSB did not intend FRS-39 to be applied to historical trend statements or other summary financial information in the narrative section of an annual report. The FRSB considered that trend statements and other summary financial information, which is provided to expand upon the information contained in the full financial statements, is of a different nature to summary financial statements which are provided in lieu of the full financial statements.
- BC6 In concluding its deliberations on ED-107 the FRSB agreed not to extend the scope of the Standard to summary financial statements included in the same document as the full financial statements. However, it agreed to encourage the application of the principles in the Standard to other forms of summary financial information.
- BC6A In 2010 the FRSB reviewed the scope of FRS-43. This review was prompted by the issue of the Securities Regulations 2009 which require certain prospectuses to include summary financial statements that comply with FRS-43. For example, entities presenting a prospectus in accordance with Schedule 1 of the Securities Regulations 2009 (in respect of a full prospectus for equity securities) are required to present summary financial statements for five consecutive accounting periods. The FRSB noted that the Securities Regulations 2009 establish some exceptions to full application of FRS-43 to each of these periods and agreed that it would be inappropriate to extend application of FRS-43 beyond that required by regulators. The FRSB agreed to extend the scope of FRS-43 to summary financial statements provided in a prospectus, to the extent that application of FRS-43 is required by regulations.

Components of summary financial statements (paragraphs 9–11)

- BC7 The Standard permits entities to present summary financial statements in a format that best meets the information needs of their users (paragraph 11). The Standard would permit, for example, the presentation of summary financial statements in the form of graphs, pie charts or columns, with explanatory comments in “pop-up” boxes or similar. This approach is intended to give entities the flexibility to present summary financial statements in a manner tailored to the needs of infrequent or casual users of financial information. The FRSB considers that summary financial statements are an important source of information for such users.
- BC8 The FRSB acknowledged that there is not universal support for this degree of flexibility in the presentation of summary financial statements. An alternative view is that summary financial statements should be presented in a manner and format consistent with the full financial statements. This would require the presentation of summary financial statements in a more traditional format and would allow users to more readily relate the summary financial statements to the full financial statements. The use of a consistent format on the face of the financial statements would not preclude presentation of additional summary financial statements using graphs and pie charts etc. The FRSB decided that flexibility in presentation was an important aspect of assisting entities to make summary financial statements more accessible to a wide group of users.

Single period summaries (paragraphs 17–37)

Specific disclosures (paragraphs 17–29)

- BC9 The specific disclosures required by FRS-43 are very similar to those required by FRS-39. Two additional disclosure requirements are:
- (a) the presentation currency and level of rounding used in the financial statements (paragraph 19). These disclosures reflect the disclosures required in NZ IAS 1 *Presentation of Financial Statements*; and
- (b) disclosure of finance costs within the summary income statement (paragraph 24). The FRSB agreed that finance costs should be disclosed in summary financial statements because finance costs are part of the costs of capital and this disclosure is useful to users in assessing the performance of an entity. The FRSB noted that both AASB 1039 *Concise Financial Reports* and NZ IAS 34 *Interim Financial Reporting* require disclosure of finance costs.

Events occurring after the end of the reporting period (paragraph 33)

- BC9A FRS-43, as approved in 2007, required the disclosure of information about events occurring between the dates when the full financial statements and the summary financial statements were authorised for issue. During the 2010 review the FRSB noted that this differed from the requirements of ISA (NZ) 810 *Engagements to Report on Summary Financial Statements*. If the date of the auditor's report on the summary financial statements is later than the date of the auditor's report on the audited financial statements, ISA (NZ) 810 requires that the auditor's report on the summary financial statements include a statement that "the summary financial statements and audited financial statements do not reflect the effects of events that occurred subsequent to the date of the auditor's report on the audited financial statements."
- BC9B This difference prompted the FRSB to reconsider the purpose of the summary financial statements. The FRSB agreed that the summary financial statements should reflect only those events and transactions reflected in the full financial statements and decided not to require disclosure of:
- information about events occurring after the date of authorisation of the full financial statements;
 - the date of authorisation of the summary financial statements; and
 - changes in the going concern assumption after the full financial statements have been authorised for issue.
- BC9C Some respondents to ED 124 disagreed with the removal of this disclosure requirement and highlighted the role of financial statements in providing information that is useful to users. The FRSB affirmed its view that summary financial statements should be a summary of the full financial statements and should not contain information that is not in the full financial statements. The FRSB noted that entities may be subject to other requirements to disclose events occurring after the date of authorisation of the full financial statements, and that such disclosures may be provided in addition to summary financial statements. Paragraph 34 of the Standard highlights that entities may be subject to other requirements for the disclosure of such events.

Multi-period summaries (paragraphs 37A–37H)

- BC9D The 2010 review led to the creation of an additional section in the Standard which clarifies which disclosures are required in respect of the most recent period in the summary and which disclosures are required in respect of other periods. The FRSB considered that the users of a multi-period summary in a prospectus are unlikely to rely on summary financial statements as their sole source of information. The FRSB agreed that there should be less detailed requirements for earlier periods in a multi-period summary, and, that the requirement for comparatives should be limited to comparative information for the most recent period in the summary. The FRSB considered that it would be onerous to expect full note disclosure for each period presented in a summary. However, entities would need to consider the materiality requirements in the Standard.

Other disclosures (paragraphs 38–41)

Relationship to full financial statements (paragraphs 38–39A)

- BC10 The Standard (paragraph 38(c) and (d)) introduces disclosure requirements regarding the nature of an entity (profit-oriented or public benefit) and the financial reporting requirements that an entity has complied with in its full financial statements. These disclosure requirements are based on the disclosures required by FRS-44 *New Zealand Additional Disclosures* and are intended to alert the reader to the New Zealand specific financial reporting requirements that an entity may have applied in its full financial statements.
- BC11 The Standard (paragraph 38(g)) requires disclosure of whether the full financial statements 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. This requirement specifically refers to explanatory paragraphs in the audit report. The FRSB considered that the audit status of the full financial statements is necessary information for the users of any summary financial statements and that knowledge of explanatory paragraphs in the audit report on the full financial statements would be relevant for users in making an assessment of the audit status of the full financial statements. In contrast to FRS-39, the Standard does not require disclosure of the audit status of the summary financial statements. The FRSB considered that an audit report on summary financial statements should be presented

separately from the financial statements, not summarised within the financial statements. The FRSB noted that auditing standards establish requirements for an audit report on summary financial statements.

- BC11A The Securities Regulations 2009 require that the amounts presented in the summary financial statements "be taken from the financial statements for each period that complied with and were registered under the Financial Reporting Act 1993. If financial statements have not been registered, the amounts must be those that would have appeared in financial statements if those financial statements had been registered."² The FRSB noted the importance of this requirement in providing assurance to users of summary financial statements that the information contained in those statements is consistent with the information in the full financial statements. The FRSB considered how entities should meet this requirement whilst also complying with the requirements of NZ IAS 1 or NZ IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* which may require restatement or reclassification of comparative information. The FRSB agreed that where information in the full financial statements has subsequently been restated or reclassified, the information in the summary financial statements should be drawn from, and be consistent with, that restated or reclassified information. The FRSB amended FRS-43 accordingly.

Accounting policies (paragraphs 40–42)

- BC12 When the summary financial statements relate to an entity's first NZ IFRSs full financial statements, the Standard requires disclosure of this fact and a summary of the relevant transition disclosures (paragraph 41). The FRSB noted that some respondents to ED 107 disagreed with the requirement to summarise the transition disclosures in the full financial statements. However, the FRSB considered that this information is critical to users' understanding of such summary financial statements and should be available in the summary financial statements.

² Schedules 1-5 of the Securities Regulations 2009.

HISTORY OF AMENDMENTS

Table of Pronouncements – FRS-43: *Summary Financial Statements*

This table lists the pronouncements establishing and substantially amending FRS-43. The table is based on amendments approved as at 28 February 2014.

Pronouncements	Date approved	Early operative date	Effective date (prospective financial statements published... on or after ...)
FRS-43: <i>Summary Financial Statements</i>	May 2007	Early application permitted	1 Jan 2007
NZ IAS 1 <i>Presentation of Financial Statements</i> (revised 2007)	Nov 2007	Early application permitted	1 Jan 2009
<i>Omnibus amendments</i> (2007-1)	Nov 2007	Early application permitted	1 Jan 2008
NZ IAS 27 <i>Consolidated and Separate Financial Statements</i> (amended 2008)	Feb 2008	Early application permitted	1 July 2009
Amendments to FRS-43	June 2011	Early application permitted	1 Jan 2012
<i>Framework: Tier 1 and Tier 2 For-profit Entities</i> ³	Nov 2012	Early application permitted	1 Dec 2012
<i>Amendments to Accounting Standards: Omnibus Amendments (Legislative Update)</i>	Feb 2014	Early application not permitted	1 April 2014

Table of Amended Paragraphs in FRS 43		
Paragraph affected	How affected	By ... [date]
Paragraph 1	Amended	Amendments to FRS-43 [June 2011]
Paragraph 3	Amended	Amendments to FRS-43 [June 2011]
Paragraph 3(c)	Amended	<i>Amendments to Accounting Standards: Omnibus Amendments (Legislative Update)</i> [Feb 2014]
Paragraph 5	Amended	Amendments to FRS-43 [June 2011]
Paragraph 7	Amended	Amendments to FRS-43 [June 2011]
Paragraph 8	Amended	Amendments to FRS-43 [June 2011]
Paragraph 11A and preceding heading	Inserted	Amendments to FRS-43 [June 2011]
Paragraph 11B	Inserted	Amendments to FRS-43 [June 2011]
Paragraph 11C	Inserted	Amendments to FRS-43 [June 2011]
Paragraph 12	Amended	Amendments to FRS-43 [June 2011]
Paragraph 13	Amended	Amendments to FRS-43 [June 2011]
Paragraph 14	Amended	Amendments to FRS-43 [June 2011]
Paragraphs 17 and 18	Deleted	Amendments to FRS-43 [June 2011]
Paragraph 18A	Inserted	Amendments to FRS-43 [June 2011]
Paragraph 19	Amended	Amendments to FRS-43 [June 2011]

³ This pronouncement amended extant NZ IFRSs by (i) deleting any public benefit entity paragraphs, (ii) deleting any differential reporting paragraphs, (iii) adding scope paragraphs for Tier 1 and Tier 2 for-profit entities, and (iv) adding RDR disclosure concessions.

Table of Amended Paragraphs in FRS 43		
Paragraph affected	How affected	By ... [date]
Paragraph 20	Deleted	Amendments to FRS-43 [June 2011]
Paragraph 21	Amended	Amendments to FRS-43 [June 2011]
Paragraph 22	Amended	Amendments to FRS-43 [June 2011]
Paragraph 23	Amended	Amendments to FRS-43 [June 2011]
Paragraph 23A	Inserted	NZ IAS 1 [Nov 2007]
Paragraph 24	Amended	NZ IAS 1 [Nov 2007]
Paragraph 25	Amended	NZ IAS 1 [Nov 2007]
Paragraph 25A	Inserted	NZ IAS 1 [Nov 2007]
Paragraph 26	Deleted	Amendments to FRS-43 [June 2011]
Paragraph 27	Amended	NZ IAS 1 [Nov 2007]
Paragraph 28	Deleted	NZ IAS 1 [Nov 2007]
Paragraph 34	Amended	Amendments to FRS-43 [June 2011]
Paragraph 37	Amended	Amendments to FRS-43 [June 2011]
Paragraphs 37A–37H preceding heading and other headings	Inserted	Amendments to FRS-43 [June 2011]
Heading preceding heading before paragraph 38	Inserted	Amendments to FRS-43 [June 2011]
Paragraph 38	Amended	Amendments to FRS-43 [June 2011]
Paragraph 39A	Inserted	Amendments to FRS-43 [June 2011]
Paragraph 40	Amended	Amendments to FRS-43 [June 2011]
Paragraph 41	Amended	Amendments to FRS-43 [June 2011]
Paragraph 42	Amended	<i>Omnibus amendments (2007-1)</i> [Nov 2007]
Paragraph 42	Amended	<i>Amendments to Accounting Standards: Omnibus Amendments (Legislative Update)</i> [Feb 2014]
Paragraph 43A	Inserted	NZ IAS 1 [Nov 2007]
Paragraph 43B	Inserted	Amendments to FRS-43 [June 2011]
Paragraph 43C	Inserted	<i>Framework: Tier 1 and Tier 2 For-profit Entities</i> [Nov 2012]
Paragraph 43D	Inserted	<i>Amendments to Accounting Standards: Omnibus Amendments (Legislative Update)</i> [Feb 2014]