

Amendments to Prospective Financial Statements  
(Amendments to FRS-42)



NZ ACCOUNTING  
STANDARDS  
BOARD

**Amendments to Prospective Financial Statements  
(Amendments to FRS-42)**

**Issued September 2013**

This Standard was issued by the New Zealand Accounting Standards Board of the External Reporting Board pursuant to section 24(1)(a) of the Financial Reporting Act 1993.

This Standard is a Regulation for the purposes of the Regulations (Disallowance) Act 1989.

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ISBN 978-1-927238-76-9

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**CONTENTS**

**INTRODUCTION**

**AMENDMENTS TO FRS-42 *PROSPECTIVE FINANCIAL STATEMENTS***

**AMENDMENTS TO FRSB BASIS FOR CONCLUSIONS ON FRS-42**

**NZASB BASIS FOR CONCLUSIONS**

**AMENDMENTS TO FRS-44 *NEW ZEALAND ADDITIONAL DISCLOSURES***

## Amendments to FRS-42 *Prospective Financial Statements*

Amend the fourth paragraph in the Introduction as shown. New text is underlined and deleted text is struck through.

### Introduction

FRS-42 applies where an entity is required, or chooses, to present general purpose prospective financial information. Entities applying the Standard are required to present a complete set of general purpose prospective financial statements for the ~~usual annual~~ reporting period for which interim or annual historical general purpose financial statements will subsequently be presented of the entity.

Amend paragraphs 44 and 45 as shown. New text is underlined and deleted text is struck through.

### Periods covered by prospective financial statements

- 44 **The reporting periods covered by prospective financial statements shall coincide with those for which interim or annual historical general purpose financial statements will subsequently be presented.**
- 45 When an entity presents historical general purpose financial statements for a period for which prospective financial statements have previously been presented, the comparative requirements in FRS-44 *New Zealand Additional Disclosures* (paragraphs 11.1 and 11.2) are relevant. This Standard requires that an entity present a complete set of prospective financial statements for the usual annual reporting period of the entity. This requirement assists entities to meet the requirements of other standards to compare prospective financial statements or information with the subsequent historical financial statements or information for that period (refer paragraphs 11.1 and 11.2 of FRS 44 *New Zealand Additional Disclosures*). Where legislation or regulation require prospective financial information to be prepared for a reporting period which differs from the period for which historical general purpose financial statements or information will subsequently be presented, an entity is compelled to comply with such legislation or regulation. However, in such cases the entity may be able to comply with both this Standard and the relevant legislation or regulation by presenting prospective financial information for the balance of the current reporting period and for the subsequent interim or annual reporting period.

Insert paragraph 72D.

### Effective date

...

72D *Amendments to Prospective Financial Statements* (Amendments to FRS-42), issued in August 2013, amended paragraphs 44 and 45. An entity shall apply those amendments for interim or annual periods beginning on or after 1 January 2014. Earlier application is permitted.

## **Amendments to the FRSB Basis for Conclusions on FRS-42 *Prospective Financial Statements***

Insert a footnote to paragraph BC44.

BC44 The FRSB concluded that, except as otherwise required by legislation or regulations, the reporting period should be the same as for historical financial statements (paragraph 44). For example, if the company presented financial statements half yearly and annually then prospective financial statements could be presented half yearly and annually.\*

\* In 2013 the New Zealand Accounting Standards Board (NZASB) amended paragraph 44 to permit an entity to present prospective financial statements in respect of a reporting period for which interim or annual historical general purpose financial statements will subsequently be presented. The NZASB's reasons for amending paragraph 44 are set out in the NZASB's Basis for Conclusions on FRS-42.

## **Insert an NZASB Basis for Conclusions**

### **Basis for Conclusions**

*This Basis for Conclusions accompanies, but is not part of, FRS-42.*

- BC1. This Basis for Conclusions summarises the New Zealand Accounting Standards Board's (NZASB's) considerations in amending FRS-42 in 2013.
- BC2. The NZASB noted that there was a conflict between the requirements of FRS-42 and the Securities Regulations 2009. In the case of an initial offering of equity securities by a public issuer, the Securities Regulations 2009 (Schedule 1, Clause 11) require the presentation of prospective financial statements for the balance of the current period, and the subsequent interim or annual accounting period. In contrast, FRS-42 required the presentation of prospective financial statements for the reporting period for which annual historical general purpose financial statements will subsequently be presented.
- BC3. The NZASB considered that it would be desirable for the reporting period requirements in the Regulations and FRS-42 to be aligned. Having regard to the importance of comparisons between prospective and actual financial statements, the NZASB amended paragraph 44 of FRS-42 to permit the presentation of prospective financial statements for an interim period when an entity is proposing to present historical financial statements for that period. The NZASB considered that this amendment was consistent with the objectives of the Financial Reporting Standards Board (FRSB) when it originally developed FRS-42. The NZASB noted that the FRSB had sought to avoid unnecessary differences between the Securities Regulations and FRS-42, whilst highlighting the importance of being able to compare prospective financial statements with subsequent historical financial statements.

## Consequential Amendments to Other Standards

### Amendments to FRS-44 *New Zealand Additional Disclosures*

Amend paragraph 2A as shown.  
Paragraphs 2, 11.1 and 11.2 are shown for information.

- 2** An entity shall apply this Standard in preparing general purpose financial statements in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRSs).
- 2A** An entity is required to comply with only paragraphs 6, ~~and 7~~, 11.1 and 11.2 when preparing condensed interim financial reports.

### Prospective financial statements

- 11.1 Where an entity has published general purpose prospective financial statements for the period of the financial statements, the entity shall present a comparison of the prospective financial statements with the historical financial statements being reported. Explanations for major variations shall be given.
- 11.2 Financial Reporting Standard No. 42 *Prospective Financial Statements* defines general purpose prospective financial statements. Legislative or other requirements may require a comparison with originally published information, the most recently published information, or both.

Insert paragraph 15.

### Effective date

- ...
- 15 *Amendments to Prospective Financial Statements* (Amendments to FRS-42), issued in August 2013, amended paragraph 2A. An entity shall apply that amendment for interim or annual periods beginning on or after 1 January 2014. Earlier application is permitted.