

## OBJECTIVE

To establish principles and specify **minimum** disclosures for an entity that is required, or chooses to present general purpose prospective financial information (PFS). The standard requires that an entity provide users with high quality information and present a complete set of prospective financial statements using the best information that could reasonably be expected to be available and which meet certain qualitative characteristics.

## SCOPE

- This standard must be complied with when an entity prepares PFS.
- An entity whose PFS complies with PBE FRS - 42 is required to make an explicit and unreserved statement of that compliance in the notes.

## GENERAL PRINCIPLES

### BEST INFORMATION

An entity is required to use the best information that could reasonably be expected to be available at the time the PFS are prepared in determining the assumptions and information used in the preparation.

### REASONABLE AND SUPPORTABLE

Information presented must be reasonable and supportable and faithfully represent the assumptions and information on which the statements are based.

### QUALITATIVE CHARACTERISTICS

In order to meet the needs of users, PFS are required to meet the qualitative characteristics as outlined in the PBE Framework. Accordingly, the statements shall be:

### ASSUMPTIONS

Assumptions used in the preparation of PFS:

- Are required to be based on the best information that can be reasonably be expected to be available to the entity;
- Be consistent amongst themselves;
- Be consistent with the current plans of the entity to the extent that it is relevant; and
- Be applied consistently.

An entity is required to have a reasonable and supportable basis for the determination of assumptions underlying PFS.

### PRESENTATION OF PROSPECTIVE FINANCIAL INFORMATION

An entity is required to present a complete set of PFS which includes the following:

- A prospective statement of financial position;
- A prospective statement of comprehensive revenue and expense;
- A prospective statement of changes in net assets/equity;
- A prospective cash flow statement; and
- Notes, comprising a summary of significant accounting policies, significant assumptions and any other relevant information underlying the above.

**Understandable:** Users will need sufficient information to be able to make judgements about the assumptions employed and the risks associated with those assumptions.

**Relevant:** PFS must have predictive value and be able to be confirmed, or otherwise, in future periods.

**Reliable:** The information in the PFS must be unbiased and free from material calculation error. Users should be able to assess the reliability of PFS and identify the factors that make the statements more or less reliable.

**Comparable:** PFS should be capable of comparison with current and subsequent information about the actual financial performance of an entity based on consistent application of accounting policies, reporting periods and presentation.

### ACCOUNTING POLICIES

PFS are required to be prepared in accordance with the accounting policies expected to be used in the future for reporting historical general purpose financial statements.

Significant accounting policies used as a basis for the preparation of PFS must be disclosed in accordance with PBE IPSAS 1. Other accounting policy disclosure requirements are covered by PBE FRS - 42 paragraphs 61 - 64.

### PERIODS COVERED

The reporting periods covered by PFS are required to coincide with those for which interim or annual historical general purpose financial statements will subsequently be presented.

### TIER 2 RDR REPORTERS

RDR Reporters are required to comply with PBE FRS - 42 in full.

### DISCLOSURE

An entity is required to disclose:

- A description of the nature of the entity's current operations and its principal activities;
- A description of the nature of the entity's operations and its principal activities for the period of the PFS; and
- If PFS are not based on an entity's existing business that fact together with a description of the changes proposed must be disclosed.
- The purpose for which they have been prepared together with a caution that that the information in those statements may not be appropriate for purposes other than those described.

Disclose of base assumptions, risks and uncertainties:

- PFS are required to contain information necessary for a user to understand the degree of uncertainty associated therewith and the impact of the uncertainty;
- All significant assumptions must be separately disclosed, clearly identified and quantified where possible;
- The bases on which the significant assumptions have been prepared,

including the principal sources of information from which they have been derived;

- The extent to which actual events and transactions have been reflected in the PFS;
- The factors that may lead to a material difference between information in the PFS and the actual financial results prepared in future reporting periods; and
- The assumptions made in relation to those sources of uncertainty and the potential financial effect of uncertainty on the PFS.
- PFS must also include a cautionary note that actual results will likely vary from information presented in PFS.
- Other disclosures (including the date the PFS and authorised for issue and who by) are required as per paragraphs 65-68.
- Disclosure of reasons for revising PFS (if applicable) is required as per paragraph 69.
- Subsequent reporting disclosures (if applicable and in accordance with PBE IPSAS 1) are required as per paragraph 71.