

OBJECTIVE

Prescribes the New Zealand-specific disclosures which are required in addition to those required under NZ IFRS.

SCOPE

Standard forms part of Generally Accepted Accounting Practice in New Zealand (NZ GAAP).
Must apply this Standard in preparing general purpose financial statements in accordance with NZ IFRSs.

TIER 2 NZ IFRS RDR REPORTERS

FRS-44 includes RDR disclosure concessions and associated RDR paragraphs.

REQUIRED NEW ZEALAND SPECIFIC DISCLOSURES

COMPLIANCE WITH NZ IFRS's

Make an explicit and unreserved statement of compliance with NZ IFRS (Tier 2 RDR reporters: NZ IFRS RDR) in the notes.

Cannot describe financial statements as complying with NZ IFRSs (Tier 2 RDR reporters: NZ IFRS RDR) unless they comply with ALL the requirements of NZ IFRSs (Tier 2 RDR reporters: NZ IFRS RDR) .

PROSPECTIVE FINANCIAL STATEMENTS

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.

FRS-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.

IMPUTATION (FRANKING) CREDITS

Disclose the amount of imputation credits available for use in subsequent reporting periods.

For the purposes of determining the amount required to be disclosed entities may have:

- ▶ Imputation credits that will arise from the payment of the amount of the provision for income tax;
- ▶ Imputation debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
- ▶ Imputation credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

Where there are different classes of investors with different entitlements to imputation credits, disclosures must be made about the nature of those entitlements for each class where this is relevant to an understanding thereof.

Disclosures must be made separately in respect of any New Zealand imputation credits and any Australian imputation credits.

IFRS® ISSUED BUT NOT YET EFFECTIVE

When an IFRS® has been issued by the International Accounting Standards Board but the equivalent NZ IFRS has yet to be issued by the XRB, disclose the information specified in paragraphs 30 and 31 of NZ IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors in relation to that IFRS®*.

RECONCILIATION OF NET OPERATING CASH FLOWS TO PROFIT (LOSS)

If the direct method to present the statement of cash flows is used, provide a reconciliation of the net cash flow from operating activities to profit (loss).

REPORTING FRAMEWORK

Disclose in the notes:

- ▶ The statutory basis or other reporting framework, if any, under which the financial statements are prepared;
- ▶ Whether, for the purposes of complying with NZ GAAP, it is a profit-oriented or public benefit entity;
- ▶ A statement whether the financial statements have been prepared in accordance with NZ GAAP; and
- ▶ If the entity elects to report under NZ IFRS RDR, the criteria that establish the entity as eligible to report in accordance with NZ IFRS RDR.

REQUIRED NEW ZEALAND SPECIFIC DISCLOSURES

AUDIT FEES

Disclose fees to each auditor or reviewer, including any network firm, separately for:

- ▶ The audit or review of the financial statements; and
- ▶ All other services performed during the reporting period - as well as the nature of the work performed.
- ▶ For each type of other service performed by the entity's audit or review firm during the reporting the following categories of disclosure must be provided:
 - i. audit or review related services
 - ii. other assurance services and other agreed-upon procedures engagements
 - iii. taxation services; and
 - iv. other services.
- ▶ Disclosures are required (separately) for each audit or review firm involved in any element of the audit or review of the entity's financial statements.
- ▶ The entity must describe the nature of each type of audit or review related service and disclose the total fees for each type of audit or review related service.
- ▶ Each type of audit or review related service must be categorised as either:
 - Assurance engagements
 - Agreed-upon procedures engagements; or
 - Other non-assurance engagements.
- ▶ The entity must describe the nature each type of other assurance service and other agreed-upon procedures engagement and disclose the total fees for each type of other assurance service and other agreed-upon procedures engagement.
- ▶ Each type of other assurance service and other agreed-upon procedures engagement must be categorised as either:
 - Assurance engagements; or
 - Agreed-upon procedures engagements.
- ▶ The entity must describe the nature each type of taxation service and disclose the total fees for each type of taxation service.
- ▶ The entity must describe the nature each type of other service and disclose the total fees for each type of other service.

GOING CONCERN DISCLOSURES

When preparing financial statements, paragraph 25 of NZ IAS 1 *Presentation of Financial Statements* requires management to make an assessment of an entity's ability to continue as a going concern. It requires an entity to prepare financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading or has no realistic alternative but to do so.

Furthermore, when management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, paragraph 25 of NZ IAS 1 requires disclosure of those uncertainties.

When such material uncertainties exist, to the extent not already disclosed in accordance with paragraph 25 of NZ IAS 1, an entity that prepares its financial statements on a going concern basis discloses:

- ▶ That there are one or more material uncertainties related to events or conditions that may cast significant
- ▶ Doubt on the entity's ability to continue as a going concern;
- ▶ Information about the principal events or conditions giving rise to those material uncertainties;
- ▶ Information about management's plans to mitigate the effect of those events or conditions; and
- ▶ That, as a result of those material uncertainties, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Significant judgements and assumptions

Paragraph 122 of NZ IAS 1 requires an entity to disclose the judgements, apart from those involving estimations (see paragraph 125 of NZ IAS 1), that management has made in the process of applying the entity's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

Paragraph 125 of NZ IAS 1 requires an entity to disclose information about the assumptions it makes about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

To the extent not already disclosed in accordance with paragraphs 122 and 125 of NZ IAS 1, where an entity prepares its financial statements on a going concern basis, and management is aware of events or conditions that may cast significant doubt on the entity's ability to continue as a going concern, disclose information about the significant judgements and assumptions made as part of its assessment of whether the going concern assumption is appropriate.