

OBJECTIVE	SCOPE
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 presents 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.	<ul style="list-style-type: none"> <li>▶ This standard must be complied with when an entity prepares PFS in accordance with generally accepted accounting practice.</li> <li>▶ An entity whose PFS complies with FRS-42 is required to make an explicit and unreserved statement of that compliance in the notes.</li> <li>▶ Prospective financial statements must not be described as complying with FRS-42 unless they comply with all the requirements of FRS-42.</li> <li>▶ An entity must not describe prospective financial statements as complying with IFRSs.</li> <li>▶ An entity wishing to assert that prospective financial statements comply with GAAP may assert compliance with FRS-42 and GAAP as it relates to prospective financial statements</li> </ul>

## GENERAL PRINCIPLES

BEST INFORMATION	REASONABLE AND SUPPORTABLE	QUALITATIVE CHARACTERISTICS
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.	Information presented must be reasonable and supportable and faithfully represent the assumptions and information on which the statements are based.	In order to meet the needs of users, PFS are required to meet the qualitative characteristics as outlined in the NZ Framework. Accordingly, the statements shall be:  <u>Understandable:</u> Users will need sufficient information to be able to make judgements about the assumptions employed and the risks associated with those assumptions. <u>Relevant:</u> PFS must have predictive value and be able to be confirmed, or otherwise, in future periods. <u>Reliable:</u> 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. <u>Comparable:</u> 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.
ASSUMPTIONS	PRESENTATION OF PROSPECTIVE FINANCIAL INFORMATION	
<p>Assumptions used in the preparation of PFS:</p> <ul style="list-style-type: none"> <li>▶ Are required to be based on the best information that can be reasonably be expected to be available to the entity;</li> <li>▶ Be consistent amongst themselves;</li> <li>▶ Be consistent with the current plans of the entity to the extent that it is relevant; and</li> <li>▶ Be applied consistently.</li> </ul> <p>An entity is required to have a reasonable and supportable basis for the determination of assumptions underlying PFS.</p>	<p>An entity is required to present a complete set of PFS which includes the following:</p> <ul style="list-style-type: none"> <li>▶ A prospective statement of financial position;</li> <li>▶ A prospective statement of profit or loss and other comprehensive income;</li> <li>▶ A prospective statement of changes in equity;</li> <li>▶ A prospective statement of cash flows; and</li> <li>▶ Notes, comprising a summary of material accounting policies, significant assumptions and any other relevant information underlying the above.</li> </ul>	

ACCOUNTING POLICIES	DISCLOSURE (including but not limited to the following)	
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.	<p>An entity is required to disclose:</p> <ul style="list-style-type: none"> <li>▶ A description of the nature of the entity's current operations and its principal activities;</li> <li>▶ A description of the nature of the entity's operations and its principal activities for the period of the PFS; and</li> </ul> <p>Disclosure of the purpose</p> <ul style="list-style-type: none"> <li>▶ The purpose for which PFS have been prepared together with a caution that that the information in those statements may not be appropriate for purposes other than those described.</li> </ul> <p>Disclosure of base assumptions, risks and uncertainties:</p> <ul style="list-style-type: none"> <li>▶ PFS are required to contain information necessary for a user to understand the degree of uncertainty associated therewith and the impact of the uncertainty;</li> <li>▶ All significant assumptions must be separately disclosed, clearly identified and quantified where possible;</li> <li>▶ The bases on which the significant assumptions have been prepared, including the principal sources of information from which they have been derived;</li> </ul>	<ul style="list-style-type: none"> <li>▶ The extent to which actual events and transactions have been reflected in the PFS;</li> <li>▶ 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</li> <li>▶ The assumptions made in relation to those sources of uncertainty and the potential financial effect of uncertainty on the PFS.</li> <li>▶ PFS must also include a cautionary note that actual results will likely vary from information presented in PFS.</li> <li>▶ Other disclosures (including the date the PFS and authorised for issue and who by) are required as per paragraphs 65-68.</li> <li>▶ Disclosure of reasons for revising PFS (if applicable) is required as per paragraph 69.</li> <li>▶ Subsequent reporting disclosures (if applicable and in accordance with FRS-44) are required as per paragraphs 70 - 71.</li> <li>▶ Where PFS are not based on the entity's existing business, this fact must be disclosed together with a description of the changes proposed.</li> </ul>
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 NZ IFRS RDR REPORTERS		
NZ IFRS RDR Reporters are required to comply with FRS-42 in full.		

Although every effort is made to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular facts and circumstances of the situation.  
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