



Amendments to For-profit Domestic Accounting Standards due to NZ IFRS 18

| Amendment | 2025

This standard was made under section 12(a) of the Financial Reporting Act 2013 by the New Zealand Accounting Standards Board of the External Reporting Board after complying with section 22 of that Act.

This standard is secondary legislation for the purposes of the Legislation Act 2019.

Minimum Legislative Information

This information is not part of the standard.

This standard is secondary legislation issued under the authority of the Legislation Act 2019.

Title	Amendments to For-profit Domestic Accounting Standards due to NZ IFRS 18 Amendment 2025
Principal or amendment	Amendment
Consolidated version	No
Empowering Act and provisions	This standard was made under Section 12(a) of the Financial Reporting Act 2013 .
Replacement empowering Act and provision	Not applicable.
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Consolidation as at date	Not applicable
Related instruments	FRS-42 Prospective Financial Statements FRS-43 Summary Financial Statements FRS-44 New Zealand Additional Disclosures

Explanatory note

This note is not part of the standard.

This standard has been issued due to NZ IFRS 18 *Presentation and Disclosure in Financial Statements*, issued on 23 May 2024.

Copyright

This notice is not part of the standard.

This standard is secondary legislation and, by section 27 of the Copyright Act 1994, no copyright exists in it.

ISBN

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Commencement and application

This note is not part of the standard.

The standard has a mandatory date of 1 January 2027, meaning it must be applied by Tier 1 and Tier 2 for-profit entities for accounting periods that begin on or after this date.

Application to an earlier accounting period is permitted for accounting periods that end after this standard takes effect – refer to the commencement and application sections in parts C–E of this standard.

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Part A – Introduction

This amending Standard sets out amendments to:

- FRS-42 *Prospective Financial Statements*;
- FRS-43 *Summary Financial Statements*; and
- FRS-44 *New Zealand Additional Disclosures*.

These amendments have been made to ensure that the requirements in these standards are consistent, where appropriate, with those in NZ IFRS 18 *Presentation and Disclosure in Financial Statements* issued in May 2024.

Part B – Scope

This amending Standard applies to Tier 1 and Tier 2 for-profit entities. A Tier 2 entity is not required to comply with the disclosure requirements in this amending Standard denoted with an asterisk (*).

Part C – Amendments to FRS-42 *Prospective Financial Statements*

Paragraphs 1, 26, 28, 37, 38, 47 and 60 are amended. Paragraphs 28A–28N, 29A, 29B, 31A–31D, 33A–33C, 64A–64C and 72J–72M are added. Paragraphs 27, 29–33, 39–41 and 44–46 are deleted. New text is underlined and deleted text is struck through. Text that has been relocated is double underlined and deleted text that has been relocated is double struck through.

Objective

- 1 The objective of this Standard is to establish principles and specify minimum presentation and disclosures requirements for entities that are required by legislation or regulation to present *general purpose prospective financial statements* (also referred to as “*prospective financial statements*”) in accordance with generally accepted accounting practice. This Standard requires that an entity presenting general purpose prospective financial statements 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.

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Prospective financial reporting

Presentation of prospective financial statements

- 26 An entity shall present and disclose material information in the that presents prospective financial statements to shall present and disclose information that enables users of those statements to evaluate the entity’s financial prospects and to assess actual financial results prepared in future reporting periods against the prospective financial statements.
- 27 ~~Information presented on the face of prospective financial statements is usually presented as a line item. However, additional disclosures may be used to present information on the possible range for an individual item. When a range is used the band shall not be so broad as to render the information meaningless to users and the assumptions used shall be clearly linked to the upper and lower limits of the range. Where prospective financial information has a high level of uncertainty associated with it, a range is more likely to present useful information.~~ [Deleted]

Components of prospective financial statements

- 28** An entity shall present a complete set of prospective financial statements, which ~~comprises~~shall include the following:
- (a) a prospective statement of financial position;
 - (b) a prospective statement ~~(or statements) of financial performance~~profit or loss and other comprehensive income;
 - (c) a prospective statement of changes in equity;
 - (d) a prospective statement of cash flows; and
 - (e) ~~notes for the prospective reporting period, comprising a summary of material accounting policy information, significant assumptions and any other relevant information underlying (a) to (d).~~
- 28A** An entity shall present its prospective statement(s) of financial performance as either:
- (a) a single prospective statement of profit or loss and other comprehensive income, with profit or loss and other comprehensive income presented in two sections – if this option is chosen, an entity shall present the profit or loss section first followed directly by the other comprehensive income section; or
 - (b) a prospective statement of profit or loss and a separate prospective statement presenting comprehensive income that shall begin with profit or loss – if this option is chosen, the prospective statement of profit or loss shall immediately precede the prospective statement presenting comprehensive income.
- 28B** In this Standard:
- (a) the profit or loss section described in paragraph 28A(a) and the prospective statement of profit or loss described in paragraph 28A(b) are referred to as the prospective statement of profit or loss; and
 - (b) the other comprehensive income section described in paragraph 28A(a) and the prospective statement presenting comprehensive income described in paragraph 28A(b) are referred to as the prospective statement presenting comprehensive income.
- 28C** The role of the statements listed in paragraph 28(a)–(d) is to provide structured summaries of an entity’s prospective assets, liabilities, equity, income, expenses and cash flows, that are useful to users of the prospective financial statements for:
- (a) obtaining an understandable overview of the entity’s prospective assets, liabilities, equity, income, expenses and cash flows;
 - (b) making comparisons with actual financial results prepared in future reporting periods; and
 - (c) identifying items or areas about which users of the prospective financial statements may wish to seek additional information in the notes.
- 28D** The role of the notes is to provide material information necessary:
- (a) to enable users of the prospective financial statements to understand the line items presented in the statements listed in paragraph 28(a)–(d); and
 - (b) to supplement those statements with additional information to achieve the objective of prospective financial statements in paragraph 26.

Accounting policies

- 28E** Prospective financial statements shall be prepared in accordance with the accounting policies expected to be used in the future for reporting historical general purpose financial statements.

Periods covered by prospective financial statements

- 28F** 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.
- 28G** 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. Where legislation or regulation requires prospective financial statements to be prepared for a reporting period which differs from the period for which

historical general purpose financial statements 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 statements for the balance of the current reporting period and for the subsequent interim or annual reporting period.

- 28H The number of reporting periods covered by prospective financial statements may vary considerably depending on the relevant legal requirements and the purpose and objective for which the prospective financial statements are prepared. In general, the greater the number of future reporting periods included in prospective financial statements, the more unreliable and uncertain the prospective financial statements become. Entities should exercise caution about publishing prospective financial statements for periods beyond that required by legislation or regulation.

Principles of aggregation and disaggregation

- 28I For the purposes of this Standard, an item is an asset, liability, equity instrument or reserve, income, expense or cash flow or any aggregation or disaggregation of such assets, liabilities, equity, income, expenses or cash flows. A line item is an item that is presented separately in the statements listed in paragraph 28(a)–(d). Other material information is disclosed in the notes. An entity shall (see paragraphs C1–C8):

- (a) classify and aggregate assets, liabilities, equity, income, expenses or cash flows into items based on shared characteristics;
- (b) disaggregate items based on characteristics that are not shared;
- (c) aggregate or disaggregate items to present line items in the statements listed in paragraph 28(a)–(d) that fulfils the role of those statements (see paragraph 28C);
- (d) aggregate or disaggregate items to disclose information in the notes that fulfils the role of the notes (see paragraph 28D); and
- (e) ensure that aggregation and disaggregation in the financial statements do not obscure material information.

- 28J Applying the principles in paragraph 28I, an entity shall disaggregate items whenever the resulting information is material. If, applying paragraph 28I(c), an entity does not present material information in the statements listed in paragraph 28(a)–(d), it shall disclose the information in the notes.

- 28K An entity shall label and describe items presented or disclosed in the prospective financial statements in a way that faithfully represents the characteristics of the item (see paragraphs C9–C11). To faithfully represent an item, an entity shall provide all descriptions and explanations necessary for a user of the prospective financial statements to understand the item. In some cases, an entity might need to include in the descriptions and explanations the meaning of the terms the entity uses and information about how it has aggregated or disaggregated assets, liabilities, equity, income, expenses and cash flows.

- 28L Subject to paragraphs 28I–28K, an entity shall consider the requirements in paragraphs 75, 89 and 103 of NZ IFRS 18 when presenting line items in the statements listed in paragraph 28(a)–(d).

Offsetting

- 28M Consistent with paragraphs 44 and 45 of NZ IFRS 18, an entity shall not offset assets and liabilities or income and expenses in the prospective financial statements, unless required or permitted by an NZ IFRS.

Range for an individual item

- 28N Information presented on the face of prospective financial statements is usually presented as a line item. However, Additional disclosures may be used to providepresent information on the possible range for an individual item. When a range is used the band shall not be so broad as to render the information meaningless to users and the assumptions used shall be clearly linked to the upper and lower limits of the range. Where prospective financial information has a high level of uncertainty associated with it, a range is more likely to providepresent useful information.

Presentation

Prospective statement of financial position

- 29 Except as provided in paragraph 30, the prospective statement of financial position shall separately disclose:
- (a) ~~current assets;~~
 - (b) ~~non-current assets;~~
 - (c) ~~current liabilities;~~
 - (d) ~~non-current liabilities; and~~
 - (e) ~~equity, including separate disclosure of non-controlling interests.~~~~[Deleted]~~
- 30 ~~All assets and liabilities shall be presented broadly in order of liquidity when a presentation based on liquidity provides information that is reliable and is more relevant and when the entity intends to present its assets and liabilities in order of liquidity in its historical financial statements.~~~~[Deleted]~~
- 29A An entity shall present its assets and liabilities in the prospective statement of financial position in line with the method of presentation that is expected to be adopted in its historical financial statements of the same reporting period – that is, using:
- (a) a current/non-current classification;
 - (b) a presentation based on liquidity; or
 - (c) a mix of the methods in (a) and (b).
- 29B In addition to the information required by paragraph 29A, an entity shall present in the prospective statement of financial position:
- (a) issued capital and reserves attributable to owners of the parent; and
 - (b) non-controlling interests.
- 31 ~~As a minimum, the prospective statement of profit or loss and other comprehensive income shall separately disclose:~~
- (a) ~~revenue;~~
 - (b) ~~finance costs;~~
 - (c) ~~depreciation and amortisation expense;~~
 - (d) ~~share of the profit or loss of associates and joint ventures accounted for using the equity method;~~
 - (e) ~~tax expense;~~
 - (f) ~~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;~~
 - (g) ~~profit or loss;~~
 - (h) ~~each component of other comprehensive income classified by nature (excluding amounts in (i));~~
 - (i) ~~share of the other comprehensive income of associates and joint ventures accounted for using the equity method; and~~
 - (j) ~~total comprehensive income.~~~~[Deleted]~~
- 32 ~~In addition to the information required by paragraph 31, an entity shall present, either on the face of the statement of profit or loss and other comprehensive income or in the notes, an analysis of expenses using a classification based on either the nature of expenses or their function within the entity, whichever provides information that is reliable and more relevant.~~~~[Deleted]~~

Prospective statement of profit or loss

- 31A An entity shall classify income and expenses included in the prospective statement of profit or loss in one of the following categories, in accordance with the requirements in paragraphs 47–68 of NZ IFRS 18:
- (a) the operating category;
 - (b) the investing category;
 - (c) the financing category;
 - (d) the income taxes category; and

- (e) the discontinued operations category.
- 31B For the purposes of applying paragraph 31A, an entity shall assess whether it expects to invest in assets or provide financing to customers as a main business activity for the period of the prospective financial statements, in accordance with the requirements in paragraph 49 of NZ IFRS 18.
- 31C At a minimum, an entity shall present the following totals and subtotals in the prospective statement of profit or loss for:
- (a) operating profit or loss;
 - (b) profit or loss before financing and income taxes; and
 - (c) profit or loss.
- 31D In the operating category of the prospective statement of profit or loss, an entity shall classify and present expenses in line items using one or both of these characteristics:
- (a) the nature of expenses; or
 - (b) the function of the expenses within the entity.

Prospective statement presenting comprehensive income

- 33 ~~The following items shall be disclosed in the prospective statement presenting 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.~~~~[Deleted]~~
- 33A An entity shall classify income and expenses included in the prospective statement presenting comprehensive income in one of two categories:
- (a) income and expenses that will be reclassified to profit or loss when specific conditions are met; and
 - (b) income and expenses that will not be reclassified to profit or loss.
- 33B An entity shall present in the prospective statement presenting comprehensive income, totals for:
- (a) profit or loss;
 - (b) other comprehensive income; and
 - (c) comprehensive income, being the total of (a) and (b).
- 33C An entity shall present an allocation of prospective comprehensive income for the reporting period, attributable to:
- (a) non-controlling interests; and
 - (b) owners of the parent.

Prospective statement of changes in equity

...

Prospective statement of cash flows

- 37 The prospective statement of ~~cash flows~~~~cash flows~~ shall separately ~~present~~~~disclose~~ major classes of gross cash receipts and gross cash payments arising from each of the following categories of cash flows, except to the extent that such cash flows are reported on a net basis, as permitted by the relevant standard:
- (a) cash flows from ~~or used in~~ operating activities;
 - (b) cash flows from ~~or used in~~ investing activities; and
 - (c) cash flows from ~~or used in~~ financing activities.

- 38 In the prospective statement of cash flows:
- (a) cash flows from interest and dividends received and paid shall each be ~~presented~~disclosed separately. Each shall be classified in a consistent manner from period to period as either operating, investing or ~~financing activities~~ in accordance with NZ IAS 7 *Statement of Cash Flows*~~Statements~~;
 - (b) cash flows arising from taxes on income shall be separately ~~presented~~disclosed and shall be classified as cash flows from operating activities unless they can be specifically identified with financing and investing activities;
 - (c) the aggregate cash flows arising from acquisitions and from disposals of subsidiaries or other business units shall be presented separately and classified as investing activities; and
 - (d) the net increase or decrease in cash and cash equivalents shall be separately ~~presented~~disclosed.
- 39 ~~This Standard specifies minimum disclosures in respect of prospective financial statements. Additional disclosures are required of any item that is of such incidence and size, or of such nature, that its disclosure is necessary to explain the prospective performance, position or cash flows of the entity. An adequate description of each item shall be given to enable its nature to be understood.~~~~[Deleted]~~
- 40 ~~Where an entity presents prospective financial information in addition to the information reported in the prospective financial statements, the relationship of that additional information to the information reported in the prospective financial statements shall be explained. For example, where an entity presents a prospective amount for earnings before interest, tax, depreciation and revaluation movements in addition to a prospective statement of profit and loss and other comprehensive income that includes the minimum disclosures in paragraphs 31 to 33, the relationship of prospective earnings before interest, tax, depreciation and revaluation movements to the prospective profit or loss shall be explained. The explanation may be by way of reconciliation.~~~~[Deleted]~~

Accounting policies

- 41 ~~Prospective financial statements shall be prepared in accordance with the accounting policies expected to be used in the future for reporting historical general purpose financial statements.~~~~[Deleted]~~
- ...

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.~~~~[Deleted]~~
- 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. Where legislation or regulation requires prospective financial statements to be prepared for a reporting period which differs from the period for which historical general purpose financial statements 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 statements for the balance of the current reporting period and for the subsequent interim or annual reporting period.~~~~[Deleted]~~
- 46 ~~The number of reporting periods covered by prospective financial statements may vary considerably depending on the relevant legal requirements and the purpose and objective for which the prospective financial statements are prepared. In general, the greater the number of future reporting periods included in prospective financial statements, the more unreliable and uncertain the prospective financial statements become. Entities should exercise caution about publishing prospective financial statements for periods beyond that required by legislation or regulation.~~~~[Deleted]~~

Disclosure

Disclosure of operations and activities

- 47 An entity shall disclose the following, if not disclosed elsewhere in information published with the prospective financial statements:
- (a) a description of the nature of the entity's current operations and its principal activities, including whether the entity currently invests in assets and/or provides financing to customers as a main business activity; and
 - (b) a description of the nature of the entity's operations and its principal activities for the period of the prospective financial statements, including whether the entity expects to invest in assets and/or provide financing to customers as a main business activity.
- ...

Disclosure of accounting policies

- 60 Material accounting policy information used in preparing prospective financial statements shall be disclosed in accordance with NZ IAS 8 *Basis of Preparation of Financial Statements*~~NZ IFRS 18 *Presentation and Disclosure in Financial Statements*.~~
- ...

Management-defined performance measures

- 64A If an entity expects to disclose information about one or more management-defined performance measures as part of its financial results that will subsequently be prepared for the period covered by the prospective financial statements, it shall disclose:
- (a) a description of the aspect of financial performance that, in management's view, will be communicated by the management-defined performance measure. This description shall include explanations of why, in management's view, the management-defined performance measure will provide useful information about the entity's performance.
 - (b) how the management-defined performance measure is calculated; and
 - (c) a reconciliation between the management-defined performance measure and the most directly comparable subtotal listed in paragraph 31C.

Disclosure of specific expenses classified in the operating category

- 64B An entity that presents one or more line items comprising expenses classified by function in the operating category of the prospective statement of profit or loss (see paragraph 31D) shall also disclose the total for each of:
- (a) depreciation;
 - (b) amortisation;
 - (c) employee benefits;
 - (d) impairment losses and reversals of impairment losses; and
 - (e) write-downs and reversals of write-downs of inventories.
- 64C Paragraph 28E requires an entity to disaggregate items to provide material information. However, an entity that applies paragraph 64B is exempt from disclosing disaggregated information about the amounts of nature expenses included in each function line item beyond the amounts specified in paragraph 64B.

Commencement and application~~Effective date~~

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Amendments to For-Profit Domestic Accounting Standards due to NZ IFRS 18

72J *Amendments to For-profit Domestic Accounting Standards due to NZ IFRS 18*, issued in August 2025, amended paragraphs 1, 26, 28, 37, 38, 47, 60 and Appendix A, added paragraphs 28A–28N, 29A, 29B, 31A–31D, 33A–33C, 64A–64C and C1–C11 and deleted paragraphs 27, 29–33, 39–41 and 44–46. An entity shall apply those amendments in accordance with the commencement and application date provisions in paragraphs 72K–72M. An entity that applies this amending Standard to an ‘early adoption accounting period’ shall disclose that fact in the notes to the prospective financial statements.

When the amending Standard takes effect (section 27 Financial Reporting Act 2013)

72K This amending Standard takes effect on the 28th day after the date of its publication under the Legislation Act 2019¹.

Accounting period in relation to which the amending Standard commences to apply (section 28 Financial Reporting Act)

72L The accounting periods in relation to which this amending Standard commences to apply are:

- (a) for an **early adopter**, those accounting periods following and including, the **early adoption accounting period**.
- (b) for any other reporting entity, those accounting periods following, and including, the first accounting period for the entity that begins on or after the **mandatory date**.

72M In paragraph 72L:
early adopter means a reporting entity that applies this amending Standard for an early adoption accounting period

early adoption accounting period means an accounting period of the early adopter:

- (a) that begins before the mandatory date but has not ended or does not end before this amending Standard takes effect (and to avoid doubt, that period may have begun before this amending Standard takes effect); and
- (b) for which the early adopter:
 - (i) first applies this amending Standard in preparing its prospective financial statements;
 - (ii) discloses in its prospective financial statements for that accounting period that this amending Standard has been applied for that period; and
 - (iii) will apply NZ IFRS 18 *Presentation and Disclosure in Financial Statements* for its financial statements in the next accounting period.

mandatory date means 1 January 2027.

Appendix A

Defined terms

New text is underlined.

¹ This footnote is not part of the standard. The standard was published under the Legislation Act 2019 on 28 August 2025 and takes effect on 25 September 2025.

...

In this Standard, terms have the same meaning as in the relevant Standards applied in the preparation of historical general purpose financial statements.

...

Appendix C, the related headings and paragraphs C1–C11 are added. New text is underlined.

Appendix C

Guidance on the application of the principles of aggregation and disaggregation

This Appendix is an integral part of the Standard.

Process of aggregation and disaggregation

- C1** Financial statements (including prospective financial statements) result from entities processing, or expecting to process, large numbers of transactions and other events. These transactions and other events give rise to assets, liabilities, equity, income, expenses and cash flows.
- C2** To apply the requirements in paragraph 28I, an entity shall aggregate items based on shared characteristics (that is, aggregate items that have similar characteristics) and disaggregate items based on characteristics that are not shared (that is, disaggregate items that have dissimilar characteristics). In doing so, an entity shall:
- (a) identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events;
 - (b) classify and aggregate assets, liabilities, equity, income, expenses and cash flows into items based on their characteristics (for example, their nature, their function, their measurement basis or another characteristic) so as to result in the presentation of line items in the statements listed in paragraph 28(a)–(d) and disclosure in the notes of items that have at least one similar characteristic; and
 - (c) disaggregate items based on dissimilar characteristics:
 - (i) in the statements listed in paragraph 28(a)–(d), as necessary to provide useful structured summaries (as described in paragraph 28C); and
 - (ii) in the notes, as necessary to provide material information (as described in paragraph 28D).
- C3** An entity may apply the steps in paragraphs C2(a)–C2(c) in varying order to apply the principles of aggregation and disaggregation in paragraph 28I.

Basis of aggregation and disaggregation

- C4** Paragraphs C1–C3 explain that an entity uses its judgement to aggregate and disaggregate assets, liabilities, equity, income, expenses and cash flows from individual transactions and other events based on similar and dissimilar characteristics. Paragraphs B78 and B110 in NZ IFRS 18 set out examples of characteristics an entity considers in making its judgements.
- C5** The more similar the characteristics of assets, liabilities, equity, income, expenses and cash flows are, the more likely it is that aggregating them will fulfil the role of the primary financial statements (that is, to provide useful structured summaries as described in paragraph 28C) or the notes (that is, to provide material information as described in paragraph 28D). The more dissimilar the characteristics of assets, liabilities, equity, income, expenses and cash flows are, the more likely it is that disaggregating the items will fulfil the roles of the primary financial statements or the notes.
- C6** The items aggregated and presented as line items shall have at least one similar characteristic other than meeting the definition of assets, liabilities, equity, income, expenses or cash flows. However, because the role of the statements listed in paragraph 28(a)–(d) is to provide useful structured summaries, line items are also likely to aggregate items that have sufficiently dissimilar characteristics that information about the disaggregated items is material.
- C7** Applying paragraph 28I, an entity shall disaggregate items that have dissimilar characteristics when the resulting information is material. A single dissimilar characteristic could result in information about disaggregated items being material.

- C8 For example, an entity might present in the prospective statement of financial position financial assets that comprise equity investments and debt investments separately from non-financial assets. The financial assets have dissimilar characteristics because they have different measurement bases—some are measured at fair value through profit or loss and others at amortised cost. The entity might therefore determine that to provide a useful structured summary it is necessary to present line items that disaggregate the financial assets based on those measurement bases. That disaggregation results in a line item comprising equity investments and debt investments measured at fair value through profit or loss and a line item comprising debt investments measured at amortised cost. Because equity investments are dissimilar to debt investments in that each exposes the entity to different risks, the entity would assess whether further disaggregation in the statement of financial position of financial assets measured at fair value through profit or loss into equity investments and debt investments is needed to provide a useful structured summary. If not, and if the resulting information were material, the entity would need to disclose in the notes the equity investments separately from the debt investments. In addition if, for example, the equity investments had other dissimilar characteristics, the entity would be required to disaggregate further those equity investments in the notes if the resulting information were material.

Description of items

- C9 Paragraph 28K requires an entity to label and describe items presented or disclosed in a way that faithfully represents the characteristics of the item. Such items will often be aggregations of items arising from individual transactions or other events and could vary in whether they are aggregations of items for which information is material and items for which information is immaterial. Specifically:
- (a) an item for which information is material could be aggregated with other items for which information is also material—an entity might provide such an aggregation to summarise information but would also be required to disclose information about each item;
 - (b) an item for which information is material could be aggregated with items for which information is not material—an entity would be required to provide information about disaggregated items only if immaterial information obscured the material information; or
 - (c) an item for which information is not material could be aggregated with other items for which information is not material—an entity might provide such an aggregation to complete a list of items and would not be required to disclose information about disaggregated items, subject to paragraph C11(b).
- C10 An entity shall label items presented or disclosed as ‘other’ only if it cannot find a more informative label. Examples of how an entity might find a more informative label are:
- (a) if an item for which information is material is aggregated with items for which information is not material, finding a label that describes the item for which information is material; and
 - (b) if items for which information is not material are aggregated:
 - (i) aggregating items that share similar characteristics and describing them in a way that faithfully represents the similar characteristics; or
 - (ii) aggregating items with other items that do not share similar characteristics and describing them in a way that faithfully represents the dissimilar characteristics of the items.
- C11 If an entity cannot find a more informative label than ‘other’:
- (a) for any aggregation—the entity shall use a label that describes the aggregated item as precisely as possible, for example, ‘other operating expenses’ or ‘other finance expenses’.
 - (b) for an aggregation comprising only items for which information is not material—the entity shall consider whether the aggregated amount is sufficiently large that users of financial statements might reasonably question whether it includes items for which information could be material. If so, information to resolve that question is material information. Accordingly, in such cases, the entity shall disclose further information about the amount—for example:
 - (i) an explanation that no items for which information would be material are included in the amount; or
 - (ii) an explanation that the amount comprises several items for which information would not be material, with an indication of the nature and amount of the largest item.

Paragraphs BC9–BC16 (and the related headings) are added. New text is underlined.

NZASB Basis for Conclusions on FRS-42 *Prospective Financial Statements*

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Amendments to For-profit Domestic Accounting Standards Due to NZ IFRS 18

- BC9** The NZASB issued NZ IFRS 18 *Presentation and Disclosure in Financial Statements* in May 2024. As a consequence, the NZASB reviewed and made amendments to the requirements of FRS-42 to ensure presentation and disclosure in prospective financial statements is consistent with the presentation and disclosure requirements applicable to historical general purpose financial statements. Paragraphs BC10–BC16 set out the NZASB’s decisions relating to certain key changes to FRS-42.
- BC10** The NZASB considered the objective of prospective financial statements, as set out in paragraph 26. The NZASB noted that NZ IFRS 18 states that only material information needs to be presented or disclosed in general purpose financial statements. Therefore, the NZASB amended paragraph 26 to state explicitly that the entity shall present and disclose material information in the prospective financial statements to enable users of those statements to evaluate the entity’s financial prospects and to assess actual financial results prepared in future reporting periods against the prospective financial statements.

Principles of aggregation and disaggregation (paragraphs 28C, 28D and 28I–28L)

- BC11** NZ IFRS 18 provides principles and guidance on:
- (a) the roles of the primary financial statements² and the notes – for the purposes of determining whether to present material information in the primary financial statements or disclose it in the notes; and
 - (b) the aggregation and disaggregation of information, to ensure an appropriate level of detail is provided in general purpose financial statements.
- BC12** To ensure the objective in paragraph 26 is met – specifically relating to a user’s ability to assess actual financial results prepared in future reporting periods against the prospective financial statements – the NZASB decided to incorporate the abovementioned principles and guidance into FRS-42 for the purposes of presenting and disclosing material prospective information.
- BC13** As a consequence of the decision noted in paragraph BC12, the requirement in paragraph 31 to present specific line items within the prospective statement of profit or loss has been removed, as the NZASB considered that the new principles will ensure material line items will be presented, with the appropriate level of aggregation and disaggregation, to fulfil the objective of the prospective financial statements. However, to provide entities with guidance around the types of line items that may be appropriate to present, the NZASB decided to require entities to consider specified line items listed in NZ IFRS 18, subject to the aggregation and disaggregation principles in paragraphs 28I–28K (see paragraph 28L).

Management-defined performance measures (paragraph 64A)

- BC14** The NZASB considered whether, and to what extent, the disclosure requirements relating to management-defined performance measures in NZ IFRS 18 should be incorporated into FRS-42. The NZASB decided that when an entity expects to disclose information about one or more management-defined performance measures as part of its actual financial results that will subsequently be prepared for the period covered by the prospective financial statements, the entity should also disclose the same type of information about these measures in the prospective financial statements. Doing so will enable the entity to meet the objective in paragraph 26 of enabling users to assess actual financial results prepared in future reporting periods against the prospective financial statements. However, the NZASB decided to limit the extent of required disclosure as follows:
- (a) an entity need not disclose the income tax effect (nor how this effect was determined) and the effect on non-controlling interests for each item disclosed in the reconciliation required in paragraph 64A(c). The NZASB did not consider this level of detail necessary in order to meet the objective in paragraph 26.

² NZ IFRS 18 defines ‘primary financial statements’ as the statement(s) of financial performance, the statement of financial position, the statement of changes in equity and the statement of cash flows. The NZASB decided not to introduce this term into FRS-42, to reduce complexity.

- (b) the disclosure requirements relating to a change, addition or cessation (and its effects) would not be relevant in the context of prospective financial statements, as an entity is only required to disclose information on those management-defined performance measures for which it expects to provide information in the actual financial results subsequently prepared for the period covered by the prospective financial statements.

BC15 The NZASB decided to remove paragraph 40, which required an entity to explain the relationship between prospective financial information presented in addition to the information reported in the prospective financial statements. The example provided in paragraph 40 related to the presentation of a prospective amount for earnings before interest, tax, depreciation and revaluation movements. Where such a subtotal is a management-defined performance measure which the entity intends to communicate in the actual financial results subsequently prepared for the period covered by the prospective financial statements, paragraph 64A already requires certain disclosures, rendering paragraph 40 redundant.

BC16 The NZASB considered whether paragraph 40 should be retained to require additional explanations for prospective financial information which may not be a management-defined performance measure under NZ IFRS 18. However, the NZASB decided against this, as this would result in broader disclosures in the prospective financial statements which would not be required in the historical financial statements when prepared in line with NZ IFRS 18, which would go against the objective of allowing the users to assess actual financial results prepared in future reporting periods against the prospective financial statements.

The footnote in paragraph 16 is amended. New text is underlined.

- * In February 2011 the *NZ Framework for the Preparation and Presentation of Financial Statements* was replaced with the equivalent to the IASB *Conceptual Framework for Financial Reporting (Conceptual Framework)*. The qualitative characteristic of reliability in the old *Framework* is the same as the qualitative characteristic of faithful representation in the *Conceptual Framework*. In May 2018, the NZASB issued *New Zealand Equivalent to the IASB Conceptual Framework for Financial Reporting (2018 NZ Conceptual Framework)*, which became effective on 1 January 2020. The qualitative characteristic of faithful representation in the 2018 NZ Conceptual Framework is the same as described in the *Conceptual Framework*.

The footnote in paragraph BC23 in the FRSB Basis for Conclusions is amended. New text is underlined.

- * In February 2011 the *NZ Framework for the Preparation and Presentation of Financial Statements* was replaced with the equivalent to the IASB *Conceptual Framework for Financial Reporting (Conceptual Framework)*. The qualitative characteristic of reliability in the old *Framework* is the same as the qualitative characteristic of faithful representation in the *Conceptual Framework*. In May 2018, the NZASB issued *New Zealand Equivalent to the IASB Conceptual Framework for Financial Reporting (2018 NZ Conceptual Framework)*, which became effective on 1 January 2020. The qualitative characteristic of faithful representation in the 2018 NZ Conceptual Framework is the same as described in the *Conceptual Framework*.

A footnote is added to 'NZ IAS 1 *Presentation in Financial Statements*' in paragraphs BC41, BC42 and BC51 in the FRSB Basis for Conclusions. New text is underlined.

- * In May 2024 the New Zealand Accounting Standards Board of the External Reporting Board issued *NZ IFRS 18 Presentation and Disclosure in Financial Statements* which replaced NZ IAS 1 when it became mandatory on 1 January 2027. Amendments to FRS-42 due to NZ IFRS 18 are discussed in paragraphs BC9–BC16 in the NZASB's Basis for Conclusions on FRS-42.

Part D – Amendments to FRS-43 *Summary Financial Statements*

Paragraphs 1, 2, 10, 11A–11C, 15, 19, 24, 27, 29, 35–37, 37B, 37C, 37H, 38, 42 and the numbering of paragraph 72J to 43G are amended. Paragraphs 10A–10D, 22A, 22B, 24A–24D, 25B–25E, 32A–32D, 37CA, 37CB and 43H–43K are added. Paragraphs 22, 23, 23A, 25 and 25A are deleted. New text is underlined and deleted text is struck through.

Objective

- 1 The objective of this Standard is to specify the accounting practice and minimum presentation and disclosure requirements for summary financial statements of entities which are currently reporting in accordance with NZ IFRS. Summary financial statements cover an annual reporting period or periods, are prepared for the users of general purpose financial statements, and present and disclose 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.

Components of summary financial statements

...

- 10 Summary financial statements shall include a summary of the:
 - (a) statement of financial position as at the end of the period;
 - (b) statement (or statements) of financial performance ~~of profit or loss and other comprehensive income~~ for the period;
 - (c) statement of changes in equity for the period; and
 - (d) statement of cash flows for the period.
- 10A An entity shall provide notes to the summary financial statements, which shall include the information required under paragraphs 32A–37, paragraphs 37CA– 37H and paragraphs 38– 42.
- 10B An entity shall present its summary statement(s) of financial performance in line with how the statement is presented in the full financial statements – as either:
 - (a) a single summary statement of profit or loss and other comprehensive income, with profit or loss and other comprehensive income presented in two sections; or
 - (b) a summary statement of profit or loss and a separate summary statement presenting comprehensive income that shall begin with profit or loss.
- 10C In this Standard:
 - (a) the profit or loss section described in paragraph 10B(a) and the summary statement of profit or loss described in paragraph 10B(b) are referred to as the summary statement of profit or loss; and
 - (b) the other comprehensive income section described in paragraph 10B(a) and the summary statement presenting comprehensive income described in paragraph 10B(b) are referred to as the summary statement presenting comprehensive income.
- 10D An entity shall use the same titles for the statements listed in paragraph 10 as are used in the full financial statements. In addition, an entity shall use the same terms to label the totals, subtotals and line items presented in the summary financial statements as are used in the full financial statements.

...

Overall considerations

Application of materiality

- 11A An entity shall present and disclose sufficient information in its summary financial statements to enable a user to obtain a broad understanding of the entity's financial position, and performance and cash flows of the entity in a manner that is neither misleading nor biased.
- 11B The presentation and disclosures required by this Standard are subject to the definition of materiality information in NZ IFRS 18 *Presentation and Disclosure in Financial Statements*, as it applies in the context of the summary financial statements, taken as a whole. Information is material in the context of the summary financial statements if the nature or magnitude (or both) of the information makes it likely that a user's broad understanding of the entity would be misled if such information were omitted from, or misstated or obscured in the summary 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 requirements ~~disclosures within~~ respect ~~to~~ of the presentation and disclosure of information in the summary financial statements. When additional disclosures are made which are consistent with an appropriate NZ IFRS financial reporting standard, there is no need to provide all the disclosures required by that NZ IFRS financial reporting standard.

...

Consistency with full financial statements

...

- 15 The information in the summary financial statements shall be prepared in accordance with all measurement and recognition requirements under GAAP. Although summary financial statements need comply only with the presentation and disclosures requirements set out under this Standard, the information presented and disclosed in them shall still meet all measurement and recognition requirements that apply to full financial statements.

...

Single period summaries

Presentation of specific items ~~Specific disclosures~~

...

- 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:

...

- (e) the level of rounding used for the in presenting amounts in the summary financial statements.

...

- 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.~~[Deleted]
- 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.~~[Deleted]
- 22A An entity shall present its assets and liabilities in the summary statement of financial position in line with the method of presentation adopted in the entity's full financial statements – that is, using:
 - (a) a current/non-current classification;
 - (b) a presentation based on liquidity; or
 - (c) a mix of the methods in (a) and (b).
- 22B In addition to the information required by paragraph 22A, an entity shall present in the summary statement of financial position:
 - (a) issued capital and reserves attributable to owners of the parent; and
 - (b) 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).**[Deleted]
- 24 Subject to paragraph 24A, an entity shall present in the summary statement of profit or loss, line items for~~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) income tax expense or income; and
 - (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;~~[Deleted]
 - (g) ~~each component of other comprehensive income classified by nature (excluding amounts in (h));~~[Deleted]
 - (h) ~~share of the other comprehensive income of associates and joint ventures accounted for using the equity method; and~~[Deleted]
 - (i) ~~total comprehensive income.~~[Deleted]
- 24A An entity shall not present separately one or more of the line items listed in paragraph 24 if such line items are not presented separately in the full financial statements.
- 24B An entity shall present in the summary statement of profit or loss, the totals and subtotals (as reported in the full financial statements) for:
 - (a) operating profit or loss;
 - (b) profit or loss before financing and income taxes; and
 - (c) profit or loss.
- 24C An entity shall present an allocation of profit and loss for the reporting period, attributable to:
 - (a) non-controlling interests; and
 - (b) owners of the parent.

- 24D In addition to the presentation of the totals and subtotals required by paragraph 24B, an entity shall present additional subtotals in the summary statement of profit or loss where such subtotals are presented in the statement of profit or loss in the full financial statements.
- 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. ~~[Deleted]~~
- 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). ~~[Deleted]~~~~
- 25B Subject to paragraph 25C, an entity shall present a line item for the share of other comprehensive income of associates and joint ventures accounted for using the equity method, in each of the following categories:
- (a) income and expenses that will be reclassified to profit or loss when specific conditions are met; and
 - (b) income and expenses that will not be reclassified to profit or loss.
- 25C An entity shall not present separately one or more of the line items listed in paragraph 25B if such line items are not presented separately in the full financial statements.
- 25D An entity shall present in the summary statement presenting comprehensive income, totals for:
- (a) profit or loss;
 - (b) other comprehensive income; and
 - (c) comprehensive income, being the total of (a) and (b).
- 25E An entity shall present an allocation of comprehensive income for the reporting period, attributable to:
- (a) non-controlling interests; and
 - (b) owners of the parent.
- ...
- 27 An entity shall present in the 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.
- ...
- 29 ~~An entity shall present in the~~ The summary statement of cash flows, statement totals for the following categories 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.
- ...

Disclosure of specific items

Entities with specified main business activities

32A If an entity:

- (a) invests in assets as a main business activity, it shall disclose that fact.

(b) Provides financing to customers as a main business activity, it shall disclose that fact.

32B If, in the full financial statements for the period covered by the summary financial statements, an entity identifies a different outcome from its previous assessment of whether it invests in assets or provides financing to customers as a main business activity, the entity shall disclose:

(a) the fact the outcome of the assessment has changed; and

(b) the date of the change.

Management-defined performance measures

32C An entity shall disclose, for each of the management-defined performance measures for which the entity has disclosed information in its full financial statements:

(a) the label for the management-defined performance measure; and

(b) the total amount of the management-defined performance measure.

32D If, in the full financial statements for the period covered by the summary financial statements, the entity discloses changes in how it calculates a management-defined performance measure, or discloses information about a new management-defined performance measure or the cessation in use of a previously disclosed management-defined performance measure, it shall disclose:

(a) an explanation that enables users to understand the change, addition or cessation and its effects; and

(b) the reasons for the change, addition or cessation.

...

Additional information

35 ~~If necessary to meet the objective in paragraph 11A, 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 operations activities and if a material fundamental uncertainty around the going concern basis exists. Any additional information given shall be disclosed in accordance with the NZ IFRS 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 presented and disclosed in the summary financial statements, except when such information is not presented or disclosed in the full financial statements. An entity shall disclose sufficient narrative and descriptive comparative information to meet the objective in paragraph 11A~~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

...

Presentation of specific items~~Specific disclosures~~

37B An entity presenting summary financial statements for multiple reporting periods shall present~~disclose~~ the information required by paragraphs 19 to 29.

Prospective financial statements

37C An entity presenting summary financial statements for multiple reporting periods shall present~~disclose~~ the information required by paragraphs 30 to 32 in relation to the most recent period in the summary.

Disclosure of specific items

Entities with specified main business activities

37CA An entity presenting summary financial statements for multiple reporting periods shall disclose the information required by paragraphs 32A and 32B in relation to each period in the summary.

Management-defined performance measures

37CB An entity presenting summary financial statements for multiple reporting periods shall disclose the information required by paragraphs 32C and 32D in relation to each period in the summary.

...

Comparative information

37H An entity presenting summary financial statements for multiple reporting periods shall **present and** 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 ~~information specific disclosures~~ included in the summary financial statements ~~has~~ 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;

...

(e) that the summary financial statements do not include all the ~~information disclosures~~ provided in the full financial statements and cannot be expected to provide as complete an understanding as provided by the full financial statements;

...

Accounting policies

...

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 **IFRS Accounting Standards** or GAAP. Summary financial statements may be described as complying with 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.

Commencement and application**Effective date**

...

43G-72J NZ IFRS 18 *Presentation and Disclosure in Financial Statements* issued in May 2024 amended paragraphs 11B, 38 and 40. An entity shall apply those amendments when it applies NZ IFRS 18.

Amendments to For-Profit Domestic Accounting Standards due to NZ IFRS 18

43H Amendments to For-profit Domestic Accounting Standards due to NZ IFRS 18, issued in August 2025, amended paragraphs 1, 2, 10, 11A–11C, 15, 19, 24, 27, 29, 35–37, 37B, 37C, 37H, 38, 42, Appendix A and the numbering of paragraph 72J to 43G, added paragraphs 10A–10D, 22A, 22B, 24A–24D, 25B–25E, 32A–

32D, 37CA, 37CB and deleted paragraphs 22, 23, 23A, 25 and 25A. An entity shall apply those amendments in accordance with the commencement and application date provisions in paragraphs 43I–43K. An entity that applies this amending Standard to an ‘early adoption accounting period’ shall disclose that fact in the notes to the summary financial statements.

When the amending Standard takes effect (section 27 Financial Reporting Act 2013)

43I This amending Standard takes effect on the 28th day after the date of its publication under the Legislation Act 2019³.

Accounting period in relation to which the amending Standard commences to apply (section 28 Financial Reporting Act)

43J The accounting periods in relation to which this amending Standard commences to apply are:

- (a) for an **early adopter**, those accounting periods following and including, the **early adoption accounting period**.
- (b) for any other reporting entity, those accounting periods following, and including, the first accounting period for the entity that begins on or after the **mandatory date**.

43K In paragraph 43J:
early adopter means a reporting entity that applies this amending Standard for an early adoption accounting period

early adoption accounting period means an accounting period of the early adopter:

- (a) that begins before the mandatory date but has not ended or does not end before this amending Standard takes effect (and to avoid doubt, that period may have begun before this amending Standard takes effect); and
- (b) for which the early adopter:
 - (i) first applies this amending Standard in preparing its summary financial statements;
 - (ii) discloses in its summary financial statements for that accounting period that this amending Standard has been applied for that period; and
 - (iii) applies NZ IFRS 18 *Presentation and Disclosure in Financial Statements* for its financial statements in the same accounting period.

mandatory date means 1 January 2027.

Appendix A

Defined terms

The definition for ‘general purpose financial statements’ is deleted. Deleted text is struck through.

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.
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Paragraphs BC1–BC4 (and related headings) are added. New text is underlined.

³ This footnote is not part of the standard. The standard was published under the Legislation Act 2019 on 28 August 2025 and takes effect on 25 September 2025.

NZASB Basis for Conclusions on FRS-43 Summary Financial Statements

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

Amendments to For-profit Domestic Accounting Standards Due to NZ IFRS 18

BC1 The NZASB issued NZ IFRS 18 *Presentation and Disclosure in Financial Statements* in May 2024. As a consequence, the NZASB reviewed and made amendments to the requirements of FRS-43 to ensure presentation and disclosure in summary financial statements is consistent with the presentation and disclosure requirements applicable to the full financial statements. Paragraphs BC2–BC7 set out the NZASB’s decisions relating to certain key changes to FRS-43.

The objective of summary financial statements (paragraphs 11A)

BC2 When developing *Amendments to For-profit Domestic Accounting Standards Due to NZ IFRS 18*, the NZASB considered the role of the primary financial statements⁴ in the full financial statements, which is to provide structured summaries of their recognised assets, liabilities, equity, income, expenses and cash flows that are useful to users for, among other things, obtaining an understandable overview of those items. The NZASB acknowledged that financial information prepared under FRS-43 would therefore be a summary of information that has already been summarised in accordance with the requirements of NZ IFRS 18. The NZASB decided that the objective in paragraph 11A – i.e., to provide users with a broad understanding of the financial position and performance – was appropriate, as a ‘broad understanding’ would result from a more high-level overview, compared to the structured summaries presented in the full financial statements.

Management-defined performance measures (paragraph 32C and 32D)

BC3 The NZASB considered whether, and to what extent, the disclosure requirements relating to management-defined performance measures in NZ IFRS 18 should be incorporated into FRS-43. The NZASB decided that it would help users obtain a broad understanding of the entity’s financial performance if the summary financial statements contained some information relating to these measures.

BC4 The NZASB decided that, for each of the management-defined performance measures for which the entity has disclosed information in its full financial statements, an entity shall disclose summarised information about these measures that meet the objective in paragraph 11A. As a result of this decision:

- (a) an entity need only disclose the label and amount for each management-performance measure. Users can refer to the full financial statements for further information on how the measure is calculated and explanations of why the measure provides useful information about the entity’s financial performance.
- (b) an entity need not disclose the reconciliation required by paragraph 123(c) of NZ IFRS 18, as users can refer to the full financial statements for more information on the relationship between management-defined performance measures and the relevant NZ IFRS total or subtotal.
- (c) An entity shall disclose information relating to a change, addition or cessation (and its effects) in order to alert users to information that is likely to impact on their broad understanding of the entity’s financial performance.

⁴ NZ IFRS 18 defines ‘primary financial statements’ as the statement(s) of financial performance, the statement of financial position, the statement of changes in equity and the statement of cash flows. The NZASB decided not to introduce this term into FRS-43, to reduce complexity.

A footnote is added to 'NZ IAS 1 *Presentation of Financial Statements*' in paragraph BC9 in the FRSB Basis for Conclusions. New text is underlined.

- * In May 2024 the New Zealand Accounting Standards Board of the External Reporting Board issued NZ IFRS 18 *Presentation and Disclosure in Financial Statements* and carried over the disclosures relating to presentation currency and level of rounding in NZ IAS 1 to NZ IFRS 18.

A footnote is added to 'NZ IAS 1 *Presentation of Financial Statements*' in paragraph BC11A in the FRSB Basis for Conclusions. New text is underlined.

- * In May 2024 the New Zealand Accounting Standards Board of the External Reporting Board issued NZ IFRS 18 *Presentation and Disclosure in Financial Statements* and carried over the disclosures relating to comparative information in NZ IAS 1 to NZ IFRS 18.

A footnote is added to 'NZ IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*' in paragraph BC11A in the FRSB Basis for Conclusions. New text is underlined.

- * When it issued NZ IFRS 18, the New Zealand Accounting Standards Board of the External Reporting Board changed the title of NZ IAS 8 to *Basis of Preparation of Financial Statements*.

Part E – Amendments to FRS-44 New Zealand Additional Disclosures

Paragraph 10 is amended and paragraphs 28–31 are added. New text is underlined and deleted text is struck through.

Disclosures

...

Reconciliation of net operating cash flow to operating profit or loss~~profit (loss)~~

- *10 When an entity uses the direct method to present its statement of cash flows, the financial statements shall provide a reconciliation of the net cash flow from operating activities to operating profit or loss~~profit (loss)~~.

...

Commencement and application

...

Amendments to For-Profit Domestic Accounting Standards due to NZ IFRS 18

- 28 Amendments to For-profit Domestic Accounting Standards due to NZ IFRS 18, issued in August 2025, amended paragraph 10. An entity shall apply that amendment in accordance with the commencement and application date provisions in paragraphs 29–31. An entity that applies this amending Standard to an ‘early adoption accounting period’ shall disclose that fact in the notes to the financial statements.

When the amending Standard takes effect (section 27 Financial Reporting Act 2013)

- 29 This amending Standard takes effect on the 28th day after the date of its publication under the Legislation Act 2019⁵.

Accounting period in relation to which the amending Standard commences to apply (section 28 Financial Reporting Act)

- 30 The accounting periods in relation to which this amending Standard commences to apply are:
- (a) for an **early adopter**, those accounting periods following and including, the **early adoption accounting period**.
 - (b) for any other reporting entity, those accounting periods following, and including, the first accounting period for the entity that begins on or after the **mandatory date**.
- 31 In paragraph 30:
- early adopter** means a reporting entity that applies this amending Standard for an early adoption accounting period
- early adoption accounting period** means an accounting period of the early adopter:
- (a) that begins before the mandatory date but has not ended or does not end before this amending Standard takes effect (and to avoid doubt, that period may have begun before this amending Standard takes effect); and
 - (b) for which the early adopter:

⁵ This footnote is not part of the standard. The standard was published under the Legislation Act 2019 on 28 August 2025 and takes effect on 25 September 2025.

- (i) first applies this amending Standard in preparing its financial statements;
- (ii) discloses in its financial statements for that accounting period that this amending Standard has been applied for that period; and
- (iii) applies NZ IFRS 18 *Presentation and Disclosure in Financial Statements* for its financial statements in the same accounting period.

mandatory date means 1 January 2027.

A footnote is added to the heading 'Reconciliation of net operating cash flow to profit(loss) (paragraph 10)' in the FRSB Basis for Conclusions. New text is underlined.
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- * The heading and requirement mentioned in this section was amended by *Amendments to For-profit Domestic Accounting Standards due to NZ IFRS 18*, issued in August 2025.