

The meaning of preparing financial statements to meet users' information needs

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Disclaimer

The views and opinions expressed in this presentation are those of the individual. Official positions of the ASB on accounting matters are determined only after extensive due process and deliberation.

Purpose of preparing financial statements

 Legislation requires

 Auditors need it

Why prepare AFS?

 Performance rewards depend on it

 Meet user needs

The users...

General purpose financial reports (incl. financial statements) – wide range of users who are **unable to require specific information**

○ Service recipients
& their
representatives



○ Resource providers
& their
representatives



Standards of GRAP meet user needs

ASB Board role

Develop Standards to provide information that meets user needs

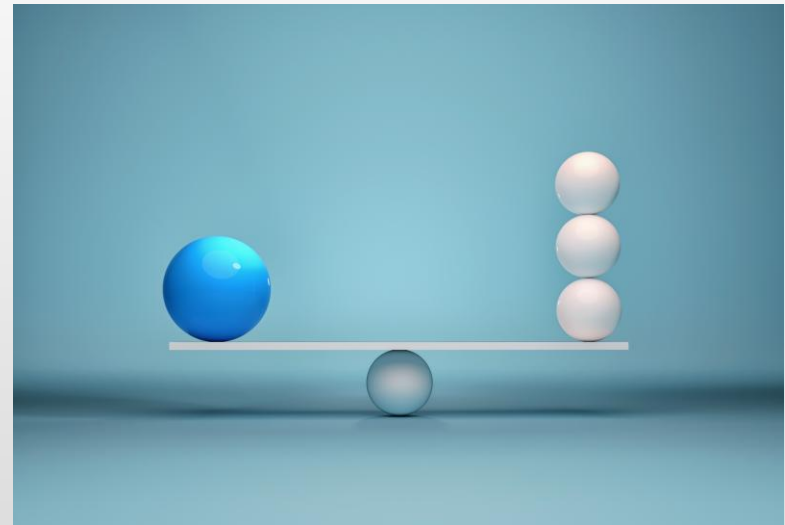
Comply with requirements of Standards, keeping their objectives in mind

- Within entity's context
- Applying materiality

Preparer role

The challenge...

Balance user needs with information that can be provided in general purpose financial statements



Overcome the challenge...



- Keep to the purpose of financial statements
- Report other information outside the financial statements

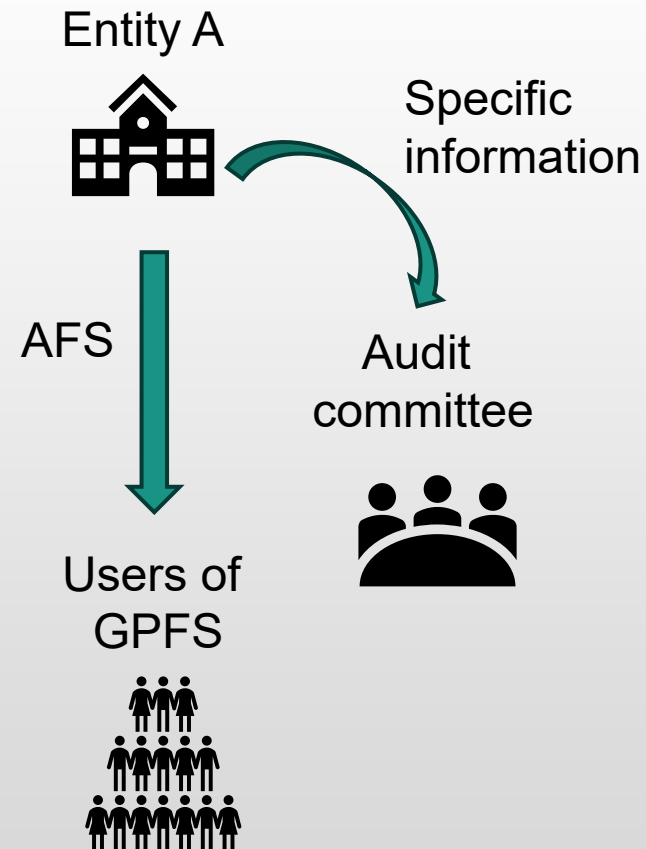
Example

Background

- Entity A provides aggregated information on employee benefit expenses in the financial statements, aligned with Standards of GRAP and considering Entity A's materiality.
- Entity A's audit committee requested more detailed employee benefit information to interrogate the entity's employment and performance management practices.

Entity A's response

- Entity A's audit committee has authority to require specific information = not a user of GPFS.
- Entity A does not amend its financial statements to add this information.
- Entity A prepares a separate report for the audit committee with the specific information they requested.





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