Part I: Principles for preparing prospective financial information

Part I defines PFI for the purpose of the guidance.

This Part also introduces and provides general commentary on the preparation principles.

This document forms part of TECH 04/20CFF Guidance for preparers of prospective financial information.

Part I: Principles for preparing prospective financial information

1. INTRODUCTION

Definition of PFI

1. Businesses and other organisations prepare prospective financial information (PFI) in differing formats and for varying purposes, and refer to it using different terms including, but not limited to: forecasts, projections, budgets and business, revenue, profit, cost-saving, or synergy plans.

2. For the purpose of the guidance in this Technical Release (the guidance), PFI comprises either quantitative or qualitative statements that reflect the future financial performance and prospects of a business and may be issued in the form of:

   - primary financial statements;
   - elements, extracts and summaries of such statements (such summaries may be narrative in nature, and may reflect financial conclusions that the preparer has drawn); and
   - related financial disclosures and/or supporting calculations.

   This definition of PFI is broad and includes the forward-looking equivalent of any information that might subsequently be prepared to support, or to summarise, historical financial information (such as financial statements or internal management accounts). It is not limited to any specific reports or formats.

3. For the purpose of the guidance, PFI does not include forward-looking financial information that is aspirational in nature where that aspirational nature is made clear. This is because a reasonable user of clearly identified aspirational forward-looking information will understand its nature and limitations and, accordingly, will not place a high degree of confidence in it. Terms such as 'goal', 'target', 'estimate[1]' and 'illustration' are commonly used to identify forward-looking financial information which is aspirational in nature.

4. PFI may be prepared solely for the internal use of an organisation (internal PFI) or PFI may be prepared in the expectation that the organisation will make it available to external parties for their use (external PFI). External PFI may be published or unpublished. External PFI is typically published in the context of the regulatory requirements of an applicable capital market. Unpublished external PFI, although private and confidential in nature, is made available to certain external parties for their use (eg, in connection with the private raising of debt or equity, or in connection with the private sale of a business).

5. For reasons of investor protection and the general promotion of the efficiency of capital markets, the relevant regulatory regime for a given form of published external PFI may indicate the level of confidence that users can expect to place in that published external PFI in light of the regulatory requirements that apply to its preparation.

6. ICAEW considers that the act of publishing PFI, or otherwise making PFI available to external parties, creates high expectations regarding that external PFI which are above and beyond those placed on internal PFI. In particular, in the absence of an explicit indication to the contrary by the external PFI user, a preparer of external PFI should reasonably assume that there is an expectation on the part of the external PFI user that the external PFI, including related disclosures, the supporting calculations and assumptions, has been subject to a rigorous process of preparation and that they can have confidence in it. Having confidence in PFI does not mean that the future outcome(s) set out in the PFI will be achieved, since PFI will necessarily remain subject to inherent uncertainties including external factors, the nature of the business and the period covered by the PFI. Rather, the user of the PFI may be confident that it reflects a forward-looking analysis of the business based on facts known, or that ought reasonably to have been known, to the preparer at the time of preparation and that it is free from material error or omission.

[1] However in the context of the Prospectus Regulation, FCA rules and the City Code, a 'profit estimate' is not aspirational and is defined to mean a profit forecast for a financial period which has expired and for which results have not yet been published and should carry a high degree of certainty.

The approach to preparing PFI

7. The guidance sets out a principles-based approach, and provides practical guidance and procedures for the application of those principles in the preparation of all PFI. A modular approach has been adopted to provide further guidance for specific types of PFI in specific situations. The areas for which application notes have been published are set out in paragraph 9. Application notes for further types of PFI prepared in other situations and for which there is demand will be published in the future.

8. The guidance is designed to promote the preparation of high-quality PFI. It is also expected to help users and reviewers of PFI by setting out best practice for the preparation of PFI. However, the guidance does not cover how such reviewers of PFI discharge their responsibilities when reviewing PFI and/or reporting on PFI.

9. The guidance establishes a framework comprising three basic building blocks:

   - Part I (this Part), which sets out and explains the required attributes and related preparation principles for useful PFI.
   - Part II, which sets out general procedures and techniques that will assist in the preparation of PFI that reflects the attributes and principles. These are illustrative and neither exhaustive nor prescriptive.
   - Separate modular application notes in Part III, which provide additional guidance to help preparers prepare specific types of PFI in a regulated capital markets context (statements of sufficiency of working capital, profit forecasts and other profit guidance, and synergy and stand-alone cost-saving statements).

10. Where modular application notes have been published separately, these do not comprise stand-alone guidance. Rather Parts I and II of the guidance are the essential building blocks on which the material in the application notes is based and they should be read and applied with the relevant application notes.

11. The guidance includes illustrative considerations and techniques that preparers of PFI, including directors who approve and adopt PFI, should consider in connection with their duties, responsibilities and potential liabilities. Each case will depend on the particular circumstances, and judgement is always required. Following the guidance may not be sufficient or necessary to ensure compliance with relevant legal and regulatory requirements. As the skills and the experience of the preparer of PFI will vary along with the circumstances and the form and type of PFI, they should seek additional professional advice tailored to the specific circumstances if required.

12. Where preparers have had regard to the guidance, ICAEW recommends that, where possible, they include a statement to that effect within the PFI and/or supporting materials.

Scope of the guidance

13. PFI is as defined in paragraph 2, and internal PFI and external PFI are as defined in paragraph 4. PFI is not limited to information about profits and cash flows, even though such information is the focus of many regulatory requirements and, often, the focus of unpublished PFI.

14. Parts I and II of the guidance are intended to apply to all PFI. Accordingly, Parts I and II will aid in the preparation of high-quality internal PFI. ICAEW strongly encourages application on a proportionate basis to internal PFI and external unpublished PFI (unless subject to any agreement to the contrary with the external user). In all circumstances, the guidance should be applied with regard to materiality considerations.

15. The application notes in Part III address specific requirements of published external PFI required by capital markets regulation in a transactions context.

16. The guidance is intended to apply to businesses (whatever the legal form) and other organisations such as public bodies, charities and not-for-profit entities. Where this guidance uses the term 'business', this should be interpreted to include all types of organisation. Where this guidance uses the term 'preparer', this means the person or persons with ultimate responsibility for the PFI, as well as such other persons or parties who they have directed or instructed to assist with the preparation of the PFI. For corporate entities, the directors would typically be expected (or required by regulation) to have ultimate responsibility for any PFI that is published or otherwise made available to an external party.

17. Application of the guidance in the preparation of PFI is intended to aid and enhance user confidence in all such PFI, and to make the purpose for which the PFI was produced more efficient (including, for example, contributing to the efficient functioning of capital markets and the provision of private debt and equity financing).

18. Some types of PFI may include an element of historical financial information, because only part of the period under review is in the future. In such cases, the attributes and principles in the guidance should be applied to the whole period, even when some or most of the financial information is historical.

19. Directors of certain publicly traded companies in the UK are required to have established procedures that enable them to be informed as to the financial position and prospects (FPP) of the company from the date of its admission to trading. They must also maintain such FPP procedures subsequent to admission to trading. ICAEW has published guidance[2] to support the establishment of FPP procedures and typical FPP procedures will be relevant to the preparation of PFI by applicable publicly traded companies in the UK.

20. Publicly traded companies in the UK typically publish a wide range of external PFI including profit warnings or updates, working capital statements, profit forecasts, synergy and stand-alone cost-saving statements and announcements made under the general obligation of disclosure for companies under relevant capital markets regulations (eg, the LR, PRR, AIM Rules, NEX Exchange Growth Market Rules, City Code, DTR and MAR). The capital markets regimes of other jurisdictions may have similar requirements for published external PFI, and it is envisioned that the guidance may be of assistance to preparers of published external PFI in such jurisdictions.

21. Publicly traded companies may also issue pro forma financial information that involves presenting historical financial information to indicate the effects of a planned transaction or other future event. This pro forma financial information is not PFI because it consists entirely of restated historical financial information and is not drawn up to a date, or for a period, in the future. The guidance therefore does not apply to such pro forma financial information, for which ICAEW has published specific guidance[3].

22. PFI represents only a part of the useful forward-looking information that companies can prepare and report. Forward-looking information on an entity's strategy and plans, the risks it faces and non-financial performance measures do not constitute PFI but they are important to investors, funders and certain other external parties. The guidance seeks to encourage the preparation of high-quality PFI, but is not intended to exclude or discourage the provision of other forward-looking information. An entity's internal targets and other aspirational forward-looking financial information should not be judged against the principles of PFI set out in the guidance.

[2] ICAEW's Guidance on financial position and prospects procedures (TECH 14/14 CFF)

[3] ICAEW's Guidance for preparers of pro forma financial information (TECH 06/15CFF)

2. ATTRIBUTES AND PRINCIPLES

23. To be useful, PFI is prepared according to four principles – taking into account cost-benefit and materiality considerations – so that it demonstrates four attributes. The attributes and preparation principles are as follows.

Principle of preparation	Attribute
User needs: PFI has the ability, in a timely manner, to influence its users' economic decisions and has predictive value or confirmatory value for its users	Relevant
Business analysis: PFI is supportable or based on sound business analysis	Reliable
Reasonable disclosure: PFI contains reasonable disclosure about what it relates to, its risks, uncertainties and mitigating actions	Understandable
Subsequent validation: PFI is capable of subsequent validation by comparison with historical financial information	Comparable

24. If the above four principles are applied to the preparation of PFI, and the resultant PFI possesses the above four attributes, the PFI would also be expected to be:

- aligned ie, the PFI is reflective of integrated and cohesive management thinking with, for most businesses, a link between the PFI and management's determination of the strategy, performance and risks of the business;
- not misleading ie, the PFI does not give its users a view contrary to that which ought to be given;
- 'fair, balanced and understandable'[4].

25. For published external PFI there will typically be limited or no opportunity for users of the PFI to interact with the PFI preparer and examine the underlying business analysis upon which it is based. Consequently, the usefulness of published external PFI to its users will be influenced by the underlying regulation covering the form/content of that published PFI, and by the preparer's application of the guidance.

26. For PFI that will be unpublished, and which has not been prepared to support published PFI, typically there will be an opportunity for the user of the PFI to interact with the preparer of the PFI before, and/or during, and/or after the preparation of that unpublished PFI. To be useful, such unpublished PFI (whether external PFI or internal PFI) should address the needs and requirements of its known users as articulated by them. However, it should be recognised that some users of unpublished PFI will be less sophisticated than others and so less able to articulate their requirements for the unpublished PFI. In some situations the actual user of the unpublished PFI will not be known at the time of preparation. Application of the guidance should, however, help to ensure that less sophisticated or unidentified users are provided with unpublished PFI that is useful to them.

27. That PFI, whether internal PFI or external PFI (and whether published or unpublished), should not be misleading is congruent with a PFI preparer's responsibilities under ICAEW's Code of Ethics[5] (and the Code of Ethics of the IESBA, on which ICAEW's Code of Ethics is based).

[4] These are the principles for communication promoted by the FRC in Guidance on the Strategic Report

[5] ICAEW Code of Ethics (2020)

28. Compliance with the fundamental principle of integrity in the ICAEW Code of Ethics requires that:

'A professional accountant shall not knowingly be associated with reports, returns, communications or other information where the accountant believes that the information:

(a) Contains a materially false or misleading statement;

(b) Contains statements or information provided recklessly; or

(c) Omits or obscures required information where such omission or obscurity would be misleading.'[6]

29. Moreover, in relation to professional accountants in business:

'When preparing or presenting information, a professional accountant shall:

(a) Prepare or present the information in accordance with a relevant reporting framework, where applicable;

(b) Prepare or present the information in a manner that is intended neither to mislead nor to influence contractual or regulatory outcomes inappropriately;

(c) Exercise professional judgement to:

(i) Represent the facts accurately and completely in all material respects;

(ii) Describe clearly the true nature of business transactions or activities; and

(iii) Classify and record information in a timely and proper manner; and

(d) Not omit anything with the intention of rendering the information misleading or of influencing contractual or regulatory outcomes inappropriately.'[7]

2.1 'Relevant' attribute and 'user needs' principle

30. PFI should be relevant by addressing the known or anticipated needs and requirements of the user(s) of the PFI. Generally, in the absence of any contrary instruction from a known user for whom unpublished PFI (whether external or internal) is being specifically prepared, PFI will only be relevant if it:

- relates to and has the ability to influence economic decisions of PFI users;
- is provided in time to influence economic decisions of PFI users; and
- has predictive value for PFI users or, by helping to confirm or correct past evaluations or assessments, it has confirmatory value for PFI users.

31. The relevance of information is also affected by its nature and materiality. In some cases, the nature of information alone is sufficient to determine its relevance. In relation to materiality, the guidance considers an item of information to be material if its omission or misstatement could influence the economic decisions of users taken on the basis of that information. Materiality depends on the size and qualitative nature of the item, judged in the particular circumstances in which it is presented.

32. The materiality considerations that apply to historical financial information will also generally apply to PFI. However, because PFI is inherently uncertain, there are additional considerations. Disclosure of uncertainties and related assumptions is ordinarily required for PFI to be relevant to, and understandable by, users for decision-making purposes, and it may also be necessary to disclose the sensitivities involved and alternative outcomes. Where, for certain types of published external PFI, disclosure of uncertainties, assumptions, sensitivities and/or alternative outcomes is prohibited

[6] ICAEW Code of Ethics (2020) Part 1 'Complying with the Code, Fundamental Principles and Conceptual Framework' paragraph 111.2

[7] ICAEW Code of Ethics Part 2 'Professional Accountants in Business' paragraph 220.4

by the relevant regulatory regime, the underpinning unpublished PFI would be expected to contain such disclosures for consideration by the parties responsible for approving or authorising the published external PFI.

33. Information is relevant only in as much as it comprises material items. Immaterial assumptions and risk factors that will not influence the decisions made by users of the PFI should not be disclosed to external users. This will require judgements to be made in practice, because what is material will always depend on the size of the amounts involved, the nature of the information and the circumstances in which it is presented.

34. Choices about the form and content of PFI should, as with historical financial information, reflect judgements as to:

    - how relevant and useful the chosen form and content will be for the users of the PFI in the exercise of their economic decisions; and
    - whether the benefit to users exceeds the cost of preparing it.

35. For unpublished external PFI, the private external user for whom it is prepared may provide instructions or explicit requirements for the form and content of the PFI, but this will not always be the case and any such instructions or requirements may not be comprehensive. The form and content of published external PFI may be set by regulation, but this will not always be the case and, where any such regulations do exist, the requirements may not be set out in any great detail.

36. In some cases, choices about the form and content of PFI will involve trade-offs between the attributes of useful information. For example, producing PFI more quickly may make it more relevant but may make it less reliable.

37. PFI reflects future events, which are inherently uncertain. The following factors are relevant when judging how useful PFI is to users and considering whether the benefit to users exceeds the cost of producing it.

    - In general terms, the degree of uncertainty associated with the outcome of an event or condition increases the further into the future a judgement is being made about the outcome of an event or condition.
    - Any judgement about the future is based on information available at the time at which the judgement is made. Subsequent events can contradict a judgement that was reasonable at the time it was made.
    - The size and complexity of the entity, the nature and condition of its business and the degree to which it is affected by external factors all affect judgements regarding the outcome of events or conditions.
    - The length of period into the future to which PFI relates is only one, and not necessarily the most significant, factor affecting the relevance of such information. An established business may be able to predict with a high degree of certainty its results for the following year, particularly if it operates in a very stable environment. Conversely, PFI presented by a start-up or an established business entering a new field may be subject to a wide range of uncertainties.

2.2 'Reliable' attribute and 'business analysis' principle

38. For PFI to be reliable it should be supported by analysis of the entity's business and should faithfully represent factually-based strategies, plans and risk analysis.

39. It is only possible to prepare and present reliable and useful PFI on the basis of a full knowledge of the entity's business and intentions. If PFI is not based on the entity's actual and expected performance, strategies, plans and risk analysis, it will not be reliable for users.

40. PFI is reliable if it:

- can be depended upon by users as a faithful representation of what it either purports to represent or could reasonably be expected to represent;
- is neutral because it is free from deliberate or systematic bias intended to influence a decision or judgement to achieve a predetermined result;
- is free from material error in its preparation;
- is complete within the bounds of what is material; and
- is prudent in that a degree of caution is applied in making judgements under conditions of uncertainty.

41. Against this background, reliable PFI should be capable of being described in the following terms:

- it reflects a forward-looking analysis of the business based on facts and circumstances known, or that reasonably ought to have been known, at that time;
- it only reflects future actions that are envisaged in the entity's current strategies and plans;
- it only reflects future actions, events and circumstances for which the related risks have been analysed;
- it offers a faithful representation of the entity's strategies, plans and risk analysis or elements of them;
- it reflects the entity's business analysis in a way that is free from material error and is materially complete; and
- it is consistent with planned courses of action published or disclosed elsewhere by the entity.

It is not necessarily the case that, for PFI that meets the above criteria, only one outcome can be envisaged.

42. Reflecting the business analysis within PFI in a way that is free from material error means that it reflects the analysis accurately, not that the business analysis will be materially the same as the actual outcome. More specifically, to say that PFI is free from material error does not mean that it will be achieved.

43. In the context of PFI, other than stress test-type forecasting exercises, neutrality also means that preparers of PFI should not use prudence as a pretext for applying an excessively cautious discount when faced with the uncertainty that inevitably surrounds PFI. Preparers of PFI should enable users to take proper account of uncertainty by following the reasonable disclosure principle (see below) and disclosing assumptions, determining factors and alternative outcomes (unless prohibited by the relevant regulatory regime for a given form of published external PFI).

44. Care needs to be taken to understand how the concept of prudence can be applied consistently to historical financial information and PFI. Since PFI is drawn up to a future date, it makes no sense to apply the concept of prudence to PFI by insisting that it only reflects gains that could be recognised today. Prudence needs to be applied from a vantage point in the future when preparing PFI. If prudence would allow a gain to be recognised today if specific conditions were satisfied, then prudence should also allow a similar gain to be recognised in PFI prepared to a future date if the same conditions are expected to be satisfied at that date.

45. The business analysis principle will help preparers decide on appropriate assumptions to deal with the inherent uncertainty attached to PFI. It will also indicate factors that might cause these assumptions to fail in practice and the alternative outcomes that would result from such failure. It therefore ensures that there is a basis for the disclosure of uncertainties required to make PFI understandable.

2.3 'Understandable' attribute and 'reasonable disclosure' principle

46. To aid understandability, PFI should be accompanied by a clear description of what it represents and disclosure of the material assumptions on which it is based. Where this is prohibited by the relevant regulatory regime for a given form of external PFI, the supporting unpublished PFI should contain such disclosures. In order for users to be able to evaluate these assumptions, the related risks, uncertainties and sensitivities will also need to be disclosed in a way that makes their significance understandable to users.

47. For unpublished external PFI, the extent to which material assumptions and uncertainties are disclosed and explained within the PFI may be set by the private external user for whom it is prepared. Where the actual user of unpublished external PFI is not known at the point of preparation of the PFI, or where the user has not given instruction to the preparer on the extent of disclosure, then the preparer should have regard to the reasonable disclosure principle set out in the guidance.

48. The degree of uncertainty associated with the PFI will largely determine the complexity of disclosure and, hence, the understandability of the PFI.

49. To be understandable, PFI should contain disclosure that is reasonable, and PFI should not be presented in situations of such uncertainty that the disclosure becomes too complex or extensive to be understood or used by the expected users of the PFI.

50. PFI should be structured in such a way that users encounter the more significant information first including, where appropriate, information relating to the uncertainty attaching to the PFI.

51. For PFI to be understandable, users need sufficient information to be able to make judgements about the uncertainties attached to it. Thus, disclosure will need to deal with:
    - material sources of **uncertainty**;
    - **assumptions** made relating to uncertainties;
    - **determining factors** that will affect whether assumptions will be borne out in practice; and
    - **alternative outcomes**, being the consequences of assumptions not being borne out.

52. For example, an increase in revenue next year might depend on obtaining regulatory approval for a new product. Disclosure could cover the following matters.
    - **Uncertainty**: whether or not regulatory approval will be obtained.
    - **Assumption**: that regulatory approval will be obtained by the end of the current financial year.
    - **Determining factors**: these could include:
      - meeting technical requirements;
      - passing relevant tests; and
      - obtaining expert support.

      These factors should be described and explained.
    - **Alternative outcomes:** no sales of the new product. In this example, the failure of an assumption to be fulfilled will have a simple consequence. However, in some cases, the preparer of the PFI may need to provide sensitivity analysis to explain the consequences of failed assumptions in terms of alternative outcomes.

53. As uncertainties become more significant, there will be a greater need to describe the assumptions that have been adopted to deal with them, the nature of the related determining factors and the impact of alternative outcomes. A point will be reached at which the interaction of multiple significant uncertainties relating to, for example, market demand, competitor actions, product

acceptance or labour and raw material supplies may become too complex for the user to understand. The user's ability to understand places limits on the degree of uncertainty that can be accommodated by PFI, and may require preparers to be less ambitious in terms of the implied precision of the PFI presented.

54. For example, the implied precision may be reduced if the PFI is expressed in terms of:
    - a range (between x and y);
    - a floor (not less than, or at least, x); or
    - a ceiling (not more than, or at most, y).

    This in turn can have the positive effect of reducing the extent of disclosures that PFI users might otherwise find difficult to understand. For this reason, ranges, floors and ceilings are accepted and acceptable methods of presenting some PFI. However, a range suggests a breadth of outcomes within the given limits: it would be misleading for preparers to present a range if they did not believe that all the outcomes within the range were possible. Floors and ceilings are not generally interpreted literally but rather viewed in a wider context. So, for example, a floor that is excessively cautious, even though true, may be misleading if it gives the impression of a level of profit that the preparer is aware is far below the expected actual performance shown by the underlying PFI.

55. Preparers also need to consider whether PFI is presented in a way that makes it understandable, and how it will be understood. To be understandable, financial information depends on the characterisation, aggregation and classification of transactions and other events in accordance with their substance and their presentation in ways that enable the significance of information to be understood by users. Such information is generally aggregated and classified in a hierarchy. The most significant summarised information is presented to the user first. Less important supporting detail is disclosed in supporting analyses or in notes that supplement users' understanding of the high-level information.

56. In summary, the degree of uncertainty attached to the business activities and the period covered by PFI will be a major determinant of the PFI's understandability and usefulness. The reasonable disclosure principle recognises that the complexity and volume of supplementary disclosures about uncertainties will affect secondary characteristics of understandability: namely, the user's ability to understand the characterisation, aggregation and classification of the underlying transactions and other information. A point will be reached at which the complexity of the disclosure means that it is beyond users' ability to understand and/or is incapable of being structured in an understandable way. At this point, PFI is no longer useful.

2.4 'Comparable' attribute and 'subsequent validation' principle

57. For PFI to be comparable, it should be capable of subsequent validation by comparison with outcomes in the form of subsequent historical financial information.

58. For financial information to be comparable it usually:
    - can be compared with similar information for other periods so that similarities and differences can be discerned and evaluated;
    - reflects consistency of preparation and presentation within the bounds of what is material to the PFI, provided this is not an impediment to improvements in practice; and
    - is supported by disclosure of the material accounting policies used in its preparation. Such disclosure may be by reference, for example, to the accounting policies disclosed in the entity's historical financial information.

59. The need for profit-related PFI to be consistent with disclosed accounting policies not only allows comparison with the relevant historical numbers but also helps to ensure that profit-related PFI is capable of comparison with subsequent historical financial information.

60. In applying the principles of useful information to PFI, preparers should ensure that it is capable of being retrospectively validated. This means that it should be capable of being compared with subsequent historical financial information prepared for the period covered by the PFI so that differences and similarities can be evaluated, explained and assessed.

61. References to being capable of subsequent validation reflect the fact that, at the time when PFI is published or otherwise made available, it is not possible to state with certainty that comparable historical financial information will be drawn up in the future. What enhances the usefulness of PFI at the time it is prepared is the expectation that there could be appropriate future reporting, with the expectation for published external PFI being that there could be appropriate future public reporting. If users of PFI know from the outset that they will never be able to compare PFI to what actually happens, then the PFI will be less useful. It is therefore important that PFI is perceived by users as being capable of validation.

62. Any particular amount included in PFI should be clearly defined so that users can identify it in comparisons to existing and subsequent historical financial information. If the label attached to a component of PFI means different things in different periods then this comparability will be lost. Generally, any particular piece of PFI should be comparable in format with existing historical data and expected future reporting.

63. It is important to appreciate that the subsequent validation principle is not about requiring specific actions in the future. The issue of whether PFI is required to be compared to subsequent historical information is separate from the issue of whether it is capable of comparison. Such comparisons are likely to have beneficial effects on the behaviour of preparers, and help users perceive PFI as being more useful. For example, preparers will not wish to make available to external parties PFI that reflects events that they do not believe will happen, if they will subsequently be held to account. Preparers are also likely to be more diligent in monitoring PFI against actual performance and updating it promptly if they know that users of the PFI will themselves expect to have actual performance compared against PFI in due course.