



## IAS 34 — Interim Financial Reporting



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### Overview

IAS 34 *Interim Financial Reporting* applies when an entity prepares an interim financial report, without mandating when an entity should prepare such a report. Permitting less information to be reported than in annual financial statements (on the basis of providing an update to those financial statements), the standard outlines the recognition, measurement and disclosure requirements for interim reports.

IAS 34 was issued in June 1998 and is operative for periods beginning on or after 1 January 1999.

### History of IAS 34

Date	Development	Comments
August 1997	Exposure Draft E57 <i>Interim Financial Reporting</i> published	
June 1999	IAS 34 <i>Interim Financial Reporting</i> issued	Operative for financial statements covering periods beginning on or after 1 January 1999
6 May 2010	Amended by <a href="#">Improvements to IFRSs 2010</a> (significant transactions and events)	Effective for annual periods beginning on or after 1 January 2011
17 May 2012	Amended by <a href="#">Annual Improvements 2009-2011 Cycle</a> (segment information)	Effective for annual periods beginning on or after 1 January 2013

25  
September  
2014

Amended by *Improvements to IFRSs 2014* (disclosure of information 'elsewhere in the interim financial report')

Effective for annual periods beginning on or after 1 January 2016

## Related Interpretations

- [IFRIC 10](#) *Interim Financial Reporting and Impairment*

## Amendments under consideration

- None

## Summary of IAS 34



Deloitte's publication **Interim Financial Reporting: A Guide to IAS 34** (2009 edition) provides an overview of IAS 34, application guidance and examples, a model interim financial report, and an IAS 34 compliance checklist. Contents:

- 1. Introduction and scope
- 2. Content of an interim financial report
- 3. Condensed or complete interim financial statements
- 4. Selected explanatory notes
- 5. Accounting policies for interim reporting
- 6. General principles for recognition and measurement
- 7. Applying the recognition and measurement principles
- 8. Impairment of assets
- 9. Measuring interim income tax expense
- 10. Earnings per share
- 11. First-time adoption of IFRSs
- Model interim financial report
- IAS 34 compliance checklist

Click to [Download the Deloitte Guide to IAS 34](#) (PDF 1,205k, March 2009, 76 pages).

## Objective of IAS 34

The objective of IAS 34 is to prescribe the minimum content of an interim financial report and to prescribe the principles for recognition and measurement in financial statements presented for an interim period.

## Key definitions

**Interim period:** a financial reporting period shorter than a full financial year (most typically a quarter or half-year). [IAS 34.4]

**Interim financial report:** a financial report that contains either a complete or condensed

set of financial statements for an interim period. [IAS 34.4]

### **Matters left to local regulators**

IAS 34 specifies the **content** of an interim financial report that is described as conforming to International Financial Reporting Standards. However, IAS 34 does not mandate:

- which entities should publish interim financial reports,
- how frequently, or
- how soon after the end of an interim period.

Such matters will be decided by national governments, securities regulators, stock exchanges, and accountancy bodies. [IAS 34.1]

However, the Standard encourages publicly-traded entities to provide interim financial reports that conform to the recognition, measurement, and disclosure principles set out in IAS 34, at least as of the end of the first half of their financial year, such reports to be made available not later than 60 days after the end of the interim period. [IAS 34.1]

### **Minimum content of an interim financial report**

The minimum components specified for an interim financial report are: [IAS 34.8]

- a condensed balance sheet (statement of financial position)
- either (a) a condensed statement of comprehensive income or (b) a condensed statement of comprehensive income and a condensed income statement
- a condensed statement of changes in equity
- a condensed statement of cash flows
- selected explanatory notes

If a complete set of financial statements is published in the interim report, those financial statements should be in full compliance with IFRSs. [IAS 34.9]

If the financial statements are condensed, they should include, at a minimum, each of the headings and sub-totals included in the most recent annual financial statements and the explanatory notes required by IAS 34. Additional line-items or notes should be included if their omission would make the interim financial information misleading. [IAS 34.10]

If the annual financial statements were consolidated (group) statements, the interim statements should be group statements as well. [IAS 34.14]

The periods to be covered by the interim financial statements are as follows: [IAS 34.20]

- balance sheet (statement of financial position) as of the end of the current interim period and a comparative balance sheet as of the end of the immediately preceding financial year
- statement of comprehensive income (and income statement, if presented) for

the current interim period and cumulatively for the current financial year to date, with comparative statements for the comparable interim periods (current and year-to-date) of the immediately preceding financial year

- statement of changes in equity cumulatively for the current financial year to date, with a comparative statement for the comparable year-to-date period of the immediately preceding financial year
- statement of cash flows cumulatively for the current financial year to date, with a comparative statement for the comparable year-to-date period of the immediately preceding financial year

If the company's business is highly seasonal, IAS 34 encourages disclosure of financial information for the latest 12 months, and comparative information for the prior 12-month period, in addition to the interim period financial statements. [IAS 34.21]

### Note disclosures

The explanatory notes required are designed to provide an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the entity since the last annual reporting date. IAS 34 states a presumption that anyone who reads an entity's interim report will also have access to its most recent annual report. Consequently, IAS 34 avoids repeating annual disclosures in interim condensed reports. [IAS 34.15]

### Examples of specific disclosure requirements of IAS 34

#### Examples of events and transactions for which disclosures are required if they are significant [IAS 34.15A-15B]

- write-down of inventories
- recognition or reversal of an impairment loss
- reversal of provision for the costs of restructuring
- acquisitions and disposals of property, plant and equipment
- commitments for the purchase of property, plant and equipment
- litigation settlements
- corrections of prior period errors
- changes in business or economic circumstances affecting the fair value of financial assets and liabilities
- unremedied loan defaults and breaches of loan agreements
- transfers between levels of the 'fair value hierarchy' or changes in the classification of financial assets
- changes in contingent liabilities and contingent assets.

#### Examples of other disclosures required [IAS 34.16A]

- changes in accounting policies
- explanation of any seasonality or cyclicity of interim operations
- unusual items affecting assets, liabilities, equity, net income or cash flows
- changes in estimates
- issues, repurchases and repayment of debt and equity securities
- dividends paid
- particular segment information (where *IFRS 8 Operating Segments* applies to the entity)
- events after the end of the reporting period
- changes in the composition of the entity, such as business combinations, obtaining or losing control of subsidiaries, restructurings and discontinued operations
- disclosures about the fair value of financial instruments

## Accounting policies

The same accounting policies should be applied for interim reporting as are applied in the entity's annual financial statements, except for accounting policy changes made after the date of the most recent annual financial statements that are to be reflected in the next annual financial statements. [IAS 34.28]

A key provision of IAS 34 is that an entity should use the same accounting policy throughout a single financial year. If a decision is made to change a policy mid-year, the change is implemented retrospectively, and previously reported interim data is restated. [IAS 34.43]

## Measurement

Measurements for interim reporting purposes should be made on a year-to-date basis, so that the frequency of the entity's reporting does not affect the measurement of its annual results. [IAS 34.28]

Several important measurement points:

- Revenues that are received seasonally, cyclically or occasionally within a financial year should not be anticipated or deferred as of the interim date, if anticipation or deferral would not be appropriate at the end of the financial year. [IAS 34.37]
- Costs that are incurred unevenly during a financial year should be anticipated or deferred for interim reporting purposes if, and only if, it is also appropriate to anticipate or defer that type of cost at the end of the financial year. [IAS 34.39]
- Income tax expense should be recognised based on the best estimate of the weighted average annual effective income tax rate expected for the full financial

year. [IAS 34 Appendix B12]

An appendix to IAS 34 provides guidance for applying the basic recognition and measurement principles at interim dates to various types of asset, liability, income, and expense.

## Materiality

In deciding how to recognise, measure, classify, or disclose an item for interim financial reporting purposes, materiality is to be assessed in relation to the interim period financial data, not forecast annual data. [IAS 34.23]

## Disclosure in annual financial statements

If an estimate of an amount reported in an interim period is changed significantly during the financial interim period in the financial year but a separate financial report is not published for that period, the nature and amount of that change must be disclosed in the notes to the annual financial statements. [IAS 34.26]

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## Related news

### EFRAG issues final endorsement advice on annual improvements 2012-2014

04 Feb 2015

### Updated EFRAG endorsement status report for draft endorsement advice letter on annual improvements 2012-2014

24 Oct 2014

### Compliance checklists for 2014 issued

20 Oct 2014

### Updated EFRAG endorsement status report includes 2012-2014 annual improvements cycle

25 Sep 2014

### IASB concludes the 2012-2014 Annual Improvements cycle

25 Sep 2014

### We comment on a number of tentative agenda decisions of the IFRS Interpretations Committee

10 Jun 2014

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## Related Publications

### IAS 34 compliance checklist 2015

29 Sep 2015

### EFRAG endorsement status report 15 September 2015

15 Sep 2015

### Deloitte e-learning — IAS 34 (2015)

08 Mar 2015

### EFRAG endorsement status report 4 February 2015

04 Feb 2015

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## Related Interpretations

### IFRIC 10 — Interim Financial Reporting and Impairment

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## Related Projects

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**Annual improvements — 2006-2008 cycle**

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