AS 25 - Interim Financial Reporting

1. Definition

- Interim period - Financial reporting period less than full FY [<12m]
- Interim financial report - Financial report for interim period containing:

Complete set of FS → Detailed FS prepared as per Schedule III

OR

Condensed set of FS → FS Having headings and sub-heading with selected notes.

2. Preparation of Interim FS

Statement	Current period	Comparitive period
Balance Sheet	End of current interim period B/s as on 30/9/2023	End of previous FY B/s as on 31/3/2023
Statement of P&L	Current interim period [1/7/2023 to 30/9/2023] and Cumulatively for YTD [1/4/2023 to 30/9/2023]	Comparable interim period [1/7/2022 to 30/9/2022] and YTD of preceding FY [1/4/2022 to 30/9/2022]
Cash flow statement	Cumulatively for current YTD [1/4/2023 to 30/9/2023]	Comparable YTD for previous FY. [1/4/2022 to 30/9/2022]

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3. Recognition & Measurement

- An entity shall apply same accounting policies in interim FS as are applied in its annual FS

- Income earned / Expense incurred in the Interim period should be recognised completely in the same interim period in which they are earned / incurred [Except: Taxation]

* Expenses should not be deferred to upcoming Interim periods on basis that Sales will be more in upcoming Interim periods.

Eg: Bad debts, Sales promotion Exp, Depreciation, Employee benefit expenses, Finance costs, Admin Exp, Exceptional losses, etc.

- Income tax expense

Recognize it using weighted average tax rate [WATR].

$$\boxed{\text{Income tax expense for each interim period} = \text{P/L for each interim period} \times \text{WATR}}$$

where, 1) Weighted average tax rate [WATR] = $\dfrac{\text{Estd. Annual Tax}}{\text{Estd. Annual Income}}$

2) Estd Annual tax = [Estd annual income (-) C/f loss as per IT act] × Applicable tax rate

Note:

* If different tax rates are applicable for 2 different FY & some interim period falls in 1 FY & some interim period falls in another FY

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then WATR will not be calculated. Applicable tax rate for each period will be used.

* Format to compute result of a Quarter

Result of 1st/2nd/3rd/4th Quarter ending xxx (date)

	Turnover	xx
	Other Income	NIL
	Total (a)	xx
Less:	Changes in Inventories	NIL
	Salaries & other cost	xx
	Administrative & Selling expense [incl. advertisement exp]	xx
	Total (b)	xx
	Profit (a-b)	xx

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4. Other points

At what value Should amt be shown

The format in which we should present.

* Format of Provision given by	Recognition & Measurement Criteria	Presentation & Disclosure
• Statute governing the Enterprise	Follow AS-25	Follow format as per statute
• There is no statute governing the enterprise	Follow AS-25	Follow AS-25

* Treatment for Accounting estimates for interim financials

For material items, estimates should be made, re-estimated for every interim period & not just for financial year

Eg : Actuarial valuation for employee benefits

* How should interim financials be prepared for last interim period in a financial year?

If annual financials are being prepared & published within stipulated period as per SEBI norms, then interim financials need not be prepared for last interim period

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