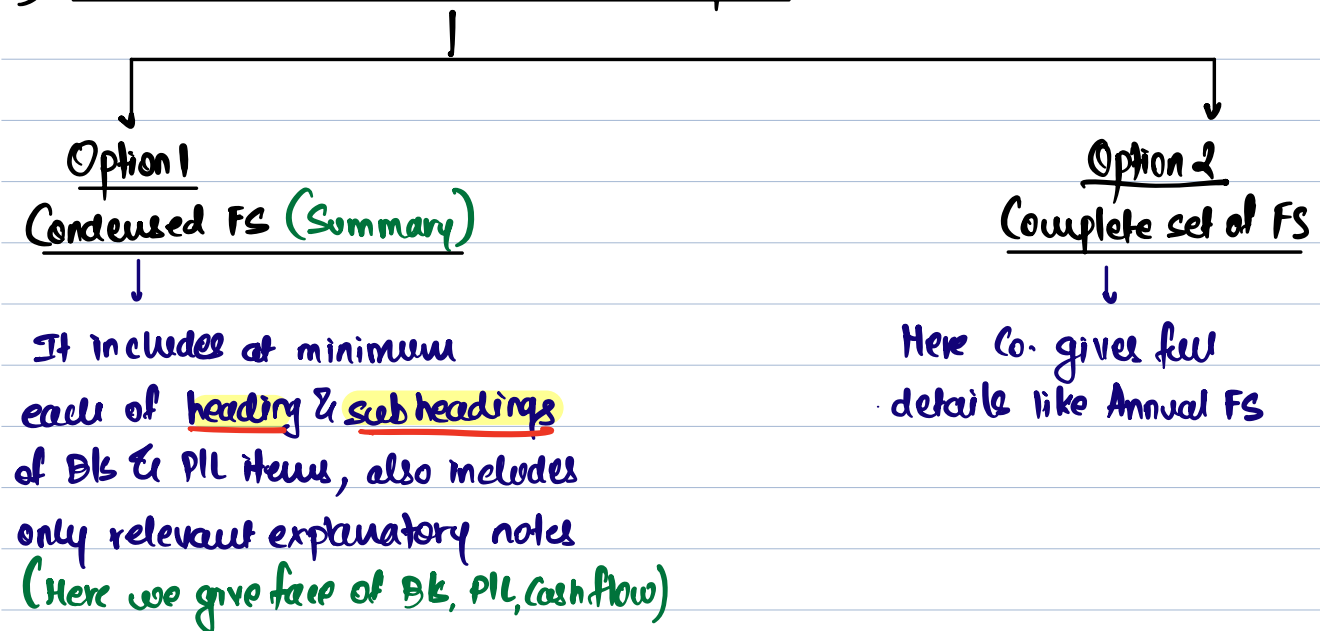


## AS 25 → Interim Financial Reporting (4-5 mks)

1) Interim period is a financial reporting period which is shorter than a full financial year. (eg 1m, 3m, 6m, 9m)

### 2) Content of an Interim financial report



### 3. Periods for which interim fs are required to be prepared (Comparatives of interim FS)

Statement	Current period	Comparative period.
① Balance Sheet	End of current interim period.	End of immediately preceding fin. year

② P/L	i) Current interim period (AND) ii) Cumulative for year to date	i) Comparable interim period of Prev Year (AND) ii) Comparable year to date of Prev Year.
③ Cash flow	Cumulative for year to date	Comparable year to date of Prev Year.

eg: Interim period (3m) → 01/10/26 to 31/12/26

	<u>Current period</u> As on 31/12/26	<u>Comparable period</u> As on 31/03/26
a) B/S  b) P/L	i) 01/10/26 to 31/12/26 → AND ii) 01/04/26 to 31/12/26 →	i) 01/10/25 to 31/12/25 AND ii) 01/04/25 to 31/12/25
c) Cash flow	01/04/26 to 31/12/26 →	01/04/25 to 31/12/25

Ex 2) Interim period (6w) 01/04/28 to 30/09/28

	<u>Current period</u>	<u>Comparable period</u>
a) BLS	As on 30/09/28	As on 31/03/28
b) P/L	i) 01/04/28 to 30/09/28 AND <del>01/04/28 to 30/09/28</del>	i) 01/04/27 to 30/09/27
Year to date is same as interim period ∴ Not required to be shown		
c) Cash flow	<u>Year to date</u>	
	i) 01/04/28 to 30/09/28	01/04/27 to 30/09/27

4] Revenue received seasonally or occasionally

→ Such revenue should be booked during the interim period in which it is earned & it should not be deferred to any other interim period.

5] Exp/Cost incurred unevenly during the Fin. Year

Such cost should be booked during the interim period in which it is accrued & incurred.

Q1 & Q2 → Refer Q.B.

Q3

Net Profit for 3 <sup>rd</sup> quarter	720000
less: Bad debts deferred to 4 <sup>th</sup> qtr to be booked in 3 <sup>rd</sup> qtr ( $40k \times 50\%$ ) (20000)	
Extra-ordinary loss (Already considered) -	

Additional Depn (Already charged in 3 <sup>rd</sup> qtr)	-
Correct profit of 3 <sup>rd</sup> qtr	<u>7,00,000</u>

Q4- Q.B

<u>Q5</u> PBT (3 <sup>rd</sup> qtr)	4 lakhs
(+) Dividend income (4L - 1Lakh)	3 lakhs
(-) Sales Promotion Exp ( $15L \times 80\%$ )	(12 lakhs)

20% is already Booked

← Already Booked.

Depn effect due to change in method -  
(Already full 12 lakhs is booked in 3<sup>rd</sup> qtr. Also Depn ch. is a change in acc. est. ∴ if method is changed in qtr 3, then add<sup>n</sup> depn should be booked in qtr 3)

(+) Extra ordinary gain (2-1)	1 lakh
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already Booked.

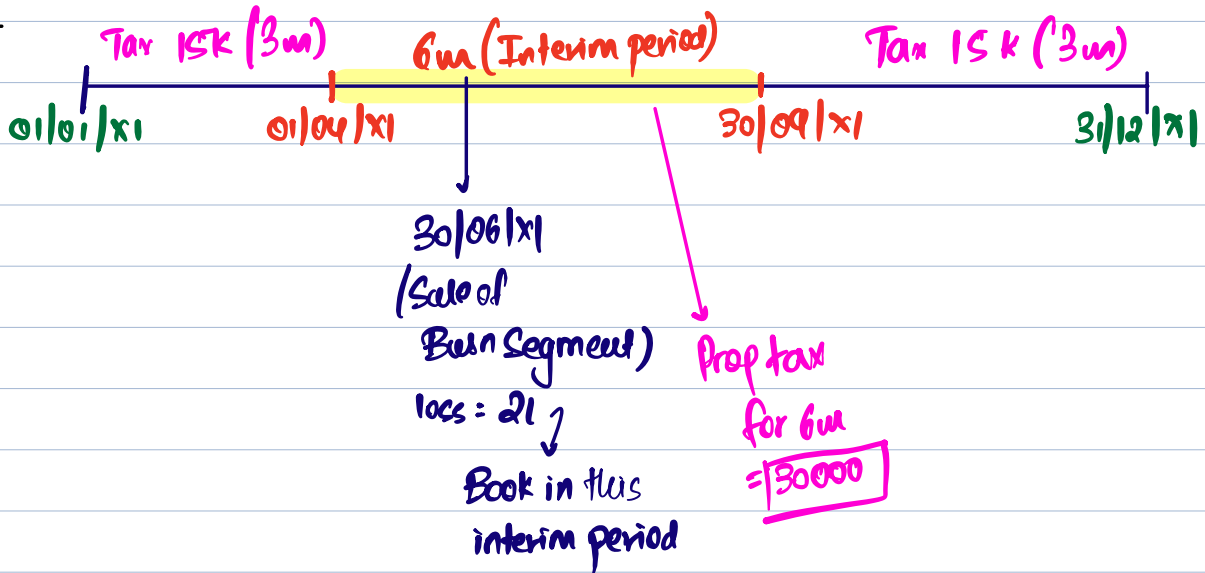
(+) Inventory loss Booked in 3rd qtr 1 lakh  
 which relates to prev qtr's

Inv valuation change in change in Acc. Policy  $\therefore$  retrospective effect

(-) Gain on Sale of Invest relating to (5 lakh)  
 Qtr 1 Booked in Qtr 3

Adjusted Profit/(Loss) (8 lakhs)

Q6



Prop tax for current interim period = 30k (01/04/x1 to 30/09/x1)  
 15k of Prop tax relates to 01/01/x1 to 31/3/x1  
 15k ————— 01/10/x1 to 31/12/x1

31/07/x1 Tax J-E 60k

Prov for tax (01 exp) 15k  
 P/L (Tax Exp) 30k  
 Adv tax (Prepaid Exp) 15k  $\rightarrow$  01/10 to 31/12  
 TO c/B 60k

In this case, Aswitha Ltd will consider, loss of ₹ 2L & Tax Exp of ₹ 30k, in the cal<sup>n</sup> of net income in <sup>6w</sup> interim period ended 30/09/11

7 Jul

## 6. Income Tax Expense

Income Tax is recognised in each interim period based on the best estimate of **weighted average Annual effective Income Tax Rate expected for full Fin. Year.**

Eg: Current Interim period: 01/04/11 to 30/06/11  
Profit in Q1 ₹ 25000

**Expected profit** in each of the remaining 3 Quarters is ₹ 20000 each  
Income Tax upto ₹ 30000 is 20%. & above ₹ 30000 is 35%.  
Calculate income tax expense for each quarter

Sol<sup>n</sup>:

~~Q1/11  
Profit 25000  
Tax @ 20% 5000~~

$$\text{Avg Annual Tax Rate} = \frac{\text{Tax Exp for full year}}{\text{Total profit of full year (expected)}} \times 100$$

$$= \frac{25250}{85000} \times 100 = 29.71\% \text{ approx.}$$



### Q8 (LWP)

P.Y. loss = 350 lakhs (Benefit allowed only 90%)

	01/04/17 to 30/06/17 Q1	01/07/17 to 30/09/17 Q2	01/10/17 to 31/12/17 Q3	01/01/18 to 31/03/18 Q4
Profit	350 lakhs	150 lakhs	(50 lakhs)	450 lakhs
Tax Rate @ 21.45%	75.075 lakhs	32.175 lakhs	(10.725)	96.525 lakhs
	Tax Exp	Tax Exp	Tax savings	Tax Exp.

net profit = 400 lakhs

$$\text{Avg Annual Tax Rate} = \frac{\text{Total Tax Exp}}{\text{Total Profit for C.Y}} \times 100$$

$$= \frac{198.05}{900 \text{ lakhs}} \times 100 = 21.45\%$$

### C/N I Tax Exp

Total Profit C.Y = 900 Lakhs

Less: C.Y loss  
of P.Y.  
(350 x 90%)

Taxable Amt  
(x)

(315 lakhs)

585 lakhs

38% (30% Tax + 10% Surcharge)

Tax Amt

193.05 lakhs

6.1 When different class of income is earned by company (eg. Bus<sup>n</sup> Income & Cap Gains) in such cases different Tax Rates will be applied to different class of income.

Q9 (WDR)

Avg Annual Tax Rate

Cap Gain Rate (No slabs)  
↓  
12%

Other Income

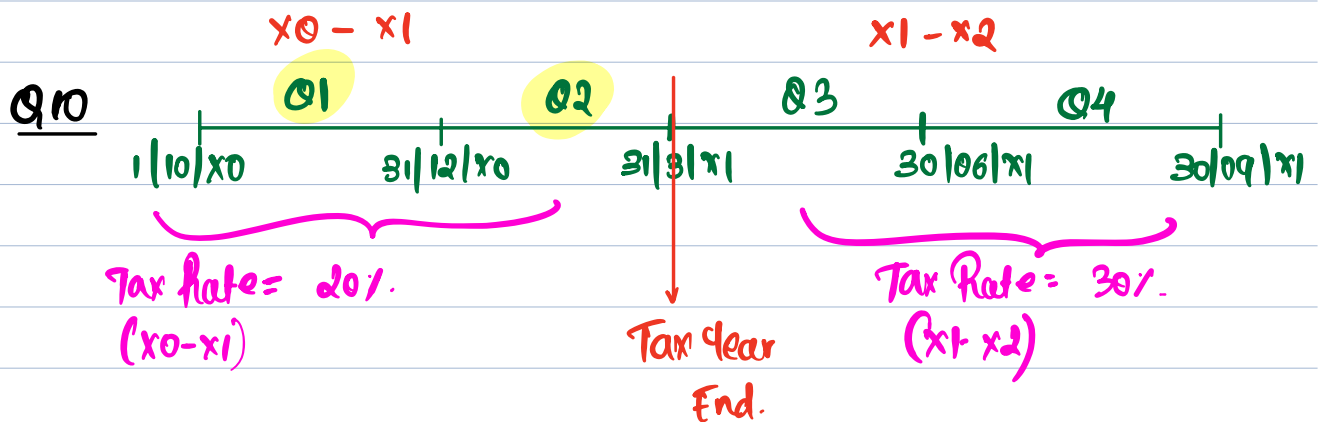
$$= \frac{\text{Tax Exp}}{\text{Total Profit (excl. CG)}} \times 100$$
$$= \frac{950000}{2500000} \times 100$$
$$= 38\%$$

WMI Total Profit = 25,00,000

$$\begin{aligned} & \swarrow \quad \searrow \\ & 5L \times 20\% \quad 20L \times 40\% \\ & = 150000 \quad = 800000 \\ & = \boxed{950000} \end{aligned}$$

	Q1	Q2	Q3	Q4
Profit → Other Income	700000	800000	400000	600000
↳ Cap Gain			800000	
Tax @ 38%.	266000	304000	152000	228000
@ 12%.			96000	

6.2 When Accounting Year & Tax Year end is different, in such cases diff Avg Annual Tax Rate is computed for Quarters falling in different Tax Years.



	Q1	Q2	Q3	Q4
Profit	200	200	200	200
Tax @ 20%.	40	40	60	60

## Extra Example

Profit in Q1 = ₹150 lakhs

In Q2, Q3, Q4 loss expected is ₹50 lakhs in each qtr

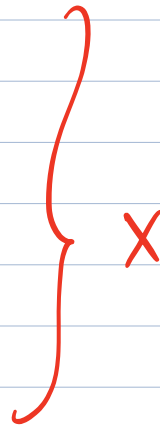
Income Tax Rate is 30%.

Calculate Tax Exp for each interim period

Sol<sup>n</sup>: Avg Annual Tax Rate =  $\frac{\text{Tax Exp}}{\text{Total profit}} \times 100$

$$= \frac{0}{0} \times 100$$

$$= 0\%$$



	Q1	Q2	Q3	Q4
Profit	150	(50)	(50)	(50)
Tax @ 30%	45	(15)	(15)	(15)

↓  
Tax exp

Tax savings.

Note: When Avg Rate is 0% in such cases don't write tax exp as 0 in all Qtrs, instead calculate tax exp on profit & Tax savings on loss as per rate given in ques.

## 7. Other Special cases

A] Whether quarterly results prepared under clause 41 of listing agreement entered between stock exch & listed enterprise meets the def<sup>n</sup> of Interim financial report as per AS 25 & whether provisions of AS 25 should be applied on the same?

→ Those quarterly results do not meet the def<sup>n</sup> of AS 25. However recog & measurement principles given in AS 25 should be applied for recog & meas of items contained in such interim results.

B] Impairment loss of PPE / write down of Inventories to NAV

→ Imp loss / write down in one interim period can be reversed in another interim period if favourable conditions exist or the condition due to which loss was booked is not existing anymore.

(AS 15)

C] On what Basis Prov for Gratuity, Pension etc should be calculated

→ Determined on year to date Basis

Prov for Gratuity      Q1      Q2      year to date  
                                 10K      15K  
PIL TO Prov 10K 10K      PIL TO Prov ~~15K~~ 5K