AS 25 : Interim Financial Reporting

Interim Financial Report : Financial report containing either complete or condensed set of financial statements for an interim period.
→ Period shorter than full financial year (1M, 3M, 6M, etc.)

Scope : Prescribes minimum contents of an IFR & requires that an enterprise which elects to prepare & present an IFR should comply with this AS. It is a kind of update on last year financial statements which helps in timely, better & reliable information for users.

Note : AS 25 does not mandate which enterprises should be required to present IFR.
Regulation 33 / Clause 41 of SEBI Listing Agreement has no relationship with IFR. It deals with Interim Financial Results on Quarterly basis.
(However Recognition & Measurement principles laid down in AS 25 applicable for the above results)

Contents of IFR

(Balance sheet, P&L, Cash flow statement & Notes to Accounts)

Complete set of FS

Consider Interim Period as complete period & prepare Financial statements like Annual FS.

Condensed set of FS

Give only Heads & subheads as used in most recent Annual FS.
Include selected Notes to Accounts of significant events & transactions.

Period for which Interim Financial Statements to be Presented

Statement	Current Period	Comparative Period
Balance sheet	End of current Interim Period (30/9/26)	End of Immediately Preceding Financial Year (31/3/26)
Statement of Profit & Loss	1) Current Interim Period 2) For Year to Date Current Year (1/7/26 to 30/9/26) & (1/4/26 to 30/9/26)	1) Comparable Interim Period 2) For Year to Date Previous Year (1/7/25 to 30/9/25) & (1/4/25 to 30/9/25)
Cash Flow Statement	For Year to Date Current Year (1/4/26 to 30/9/26)	For Year to Date Previous Year (1/4/25 to 30/9/25)

Example : FY 26-27 Interim Period 1/7/26 to 30/9/26

Recognition & Measurement

1) Revenue (Income) : Recognise when they are earned i.e. when they occur.
Revenue which is seasonal/occassional should not be deferred to other interim period.
Example : Dividend Income, Extraordinary gain etc.

2) Expenses : Recognise when incurred/accrued.
Costs incurred unevenly not to be deferred to other interim period unless appropriate.
To be deferred if and only if it is appropriate to defer that type of cost at end of year
Example : Prepaid Insurance, Prepaid Property Taxes etc.

3) Change in Accounting Policy : If any change during Interim period, its financial effect related to Interim period only should be considered in the period.

Example : Change in valuation method of Inventory.

4) Change in Accounting Estimate : If any change during Interim period, its financial effect should be fully considered in Interim period.

Example : Change in Depreciation Method.

Income Tax Expense

Tax Expense for Interim Period = Profit/(Loss) for Interim Period X Weighted Avg. Annual Tax Rate

$$\text{Weighted Avg. Annual Tax Rate} = \frac{\text{Estimated Annual Tax}}{\text{Estimated Annual Income}} \times 100$$

1) When there are different income streams (such as Normal Income & Capital Gains), then for

Normal Income → Apply Weighted Avg. Annual Tax Rate   Capital Gains → Applicable Tax Rate on it

2) Different Tax Rates in Overlapping Financial years : If Accounting Year & Tax Year end is different then apply different tax rates for Interim period falling in different years.

3) If Estimated Annual Income is Zero then do not compute Average Tax rate. Use tax rate provided in Question to determine income tax expense.

Other Points

Impairment Loss of PPE recognised in one Interim period can be reversed in another Interim period if favourable indicator exists as per AS28

Provision for Gratuity, Pension etc. (AS 15) for an Interim period should be calculated on Year to Date basis