AS 25 – Interim Financial Reporting

i) 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

Option 1
Condensed FS (Summary)
↓
It includes at minimum each of heading & Subheadings of B/S & P/L items, also includes only relevant explanatory notes
(Here we give face of B/S, P/L, Cash Flow)

Option 2
Complete set of FS.
↓
Here co. gives full details like Annual FS

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

Statement	Current period	Comparative period
(i) Balance sheet	End of current interim period	End of immediately preceeding Fin. Year

② P/L	i) Current interim period AND ii) Cumulative 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 ① Interim period (3m) → 1/10/26 to 31/12/26

	Current period	Comparable period
a) B/S	As on 31/12/26	As on 31/03/26
b) P/L	i) 1/10/26 to 31/12/26 AND ii) 01/04/26 to 31/12/26	i) 1/10/25 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

eg② Interim period (6m) 01/04/28 to 30/09/28

	Current period	Comparable period
a) B/S	As on 30/09/28	As on 31/03/28
b) P/L	i) 01/04/28 to 30/09/28 AND ~~ii) 01/04/28 to 30/09/28~~	i) 01/04/27 to 30/09/27
c) Cash Flow	01/04/28 to 30/09/28	01/04/27 to 30/09/27

Year to date is same as interim period ∴ not required to be shown

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 3rd qtr	720000
less:	Bad debts deferred to 4th qtr to be booked in 3rd qtr (40k × 50%)	(20000)
	Extra-ordinary loss (Already considered)	-
	Additional Depr^n (Already charged in 3rd qtr)	-
	Correct profit of 3rd qtr.	700000

Q4- Q.B

Q5 (CDR)

	PBT (3rd qtr)	4,00,000
(+)	Dividend income (4L - 1L)	3,00,000
(-)	Sales promotion Exp (15L × 80%)	(12,00,000)

Already Booked

20% is already Booked)

Depr^n effect due to change in method -

(Already full 12Lakhs is Booked in 3rd qtr. Also Dep. change is a change in acc. est. ∴ if method is changed in qtr 3, then add^n depr should be booked in qtr 3)

(+)	Extra ordinary gain (2-1)	100000

already Booked

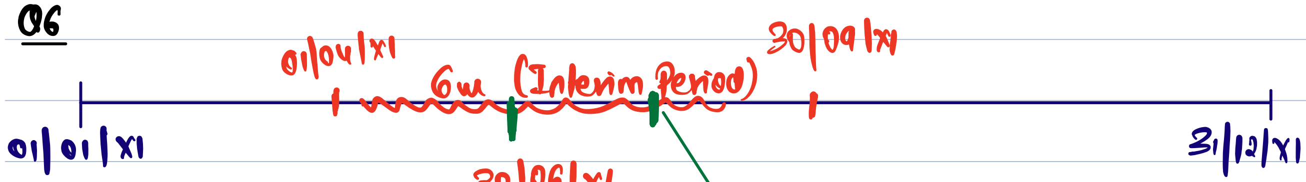
(+) Inventory loss Booked in 3rd qtr which relates to prev qtr's 100000

(Inventory valuation change is a ch. in Acc. Policy ∴ retrospective effect)

(-) Gain on Sale of Invst relating to Qtr1 Booked in Qtr 3 (500000)

Adjusted / Correct Profit / (loss) (8,00,000)

Q6



30/06/x1

(Sale of Busn Segment)

loss = 2,00,000

↓

Book in this interim period.

Prop tax paid on 31/07/x1

12m ← ₹60,000 for full calendar year.

Prop tax for current interim period (6m) = 30k (01/04/x1 to 30/09/x1)

15K of Prop tax relates to 01/01/x1 to 31/03/x1

15K of Prop tax relates to 01/10/x1 to 31/12/x1

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/x1 to 30/06/x1
Profit in Q1 ₹ 25000
Expected profit in each of remaining 3 qtrs is ₹ 20,000 each.
Income Tax upto ₹ 30000 is 20% & above ₹ 30,000 is 35%.
Calculate income tax expense for each quater.

Sol^n^:

	~~Qtr 1~~
~~Profit~~	~~25000~~
~~Tax @ 20%~~	~~5000~~

$$\text{Avg Annual Tax Rate} = \frac{\text{Tax Exp for full Year (WN 1)}}{\text{Total profit for full Year (expected)}} \times 100$$

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

WN① Total Profit 25k + 20k + 20k + 20k
Q1 Q2 Q3 Q4

= 85000
→ 30000 × 20% = 6000
→ 55000 × 35% = 19250

25250

	Q1	Q2	Q3	Q4
Profit	25000	20000	20000	20000
Tax @ 29.71%	7428	5942	5942	5942

Q7

$$\text{Avg Annual Tax Rate} = \frac{\text{Total Tax Exp for full Year}}{\text{Total Profit of Curr. Year}} \times 100$$

$$= \frac{350000}{1000000} \times 100 = 35\%$$

WN1 Total Profit = 10L → 5L × 30% = 150000
→ 5L × 40% = 200000

350000

	Q1	Q2	Q3	Q4
Profit	75000	250000	375000	300000
Tax @ 35%	26250	87500	131250	105000

Q8 (CLOR)

P.Y loss = 350 Lakhs (Benefit allowed only 90% i.e. 315 lakhs)

	Q1	Q2	Q3	Q4
Profit	350 lakhs	150 lakhs	(50 lakhs)	450 lakhs

$\underbrace{(50\text{ lakhs}) \quad 450\text{ lakhs}}_{\text{net earnings} = 400\text{ lakhs}}$

Tax @ 21.45%	75.075 lakhs ⇓ Tax Exp	32.175 lakhs ⇓ Tax Exp	(10.725) ⇓ Tax Savings.	96.525 lakhs ⇓ Tax Exp.

$$\text{Avg Annual Tax Rate} = \frac{\text{Total Tax Exp for full Year (WN1)}}{\text{Total Profit of Curr. Year}} \times 100$$

$$= \frac{193.05 \text{ lakhs}}{900 \text{ lakhs}} \times 100 = 21.45\%$$

WN1 Tax Exp

Total Profit C.Y: 900 lakhs

Less: Bought forward loss (315 lakhs) (350 × 90%)

585 lakhs

(×) Tax Rate 33%

(30% Tax (+) 10% Surcharge)

193.05 Lakhs

6.1 When Diff class of income is earned by co. (eg: Busn Income & Cap Gains) in such cases different tax rate will be applied to different class of income.

Q9 (COR)

Avg Annual Tax Rate

- Cap Gain Rate (No slabs)
  - = 12%
- Other Income
  - $= \frac{\text{Tax Exp}}{\text{Total Profit (excl. CG)}} \times 100$
  - $= \frac{950000}{2500000} \times 100$
  - $= \boxed{38\%}$

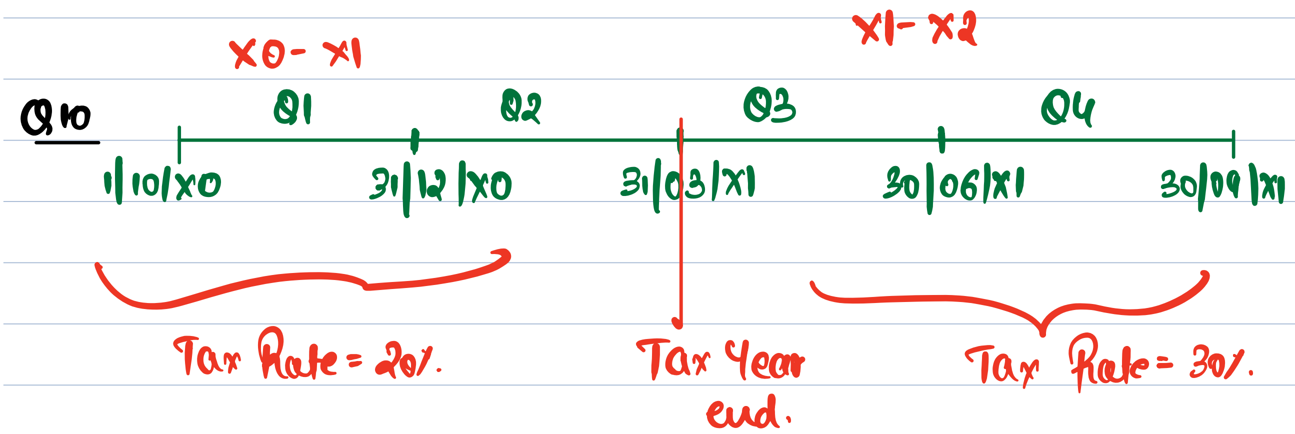
WN ① Total Profit: 2500000

- 5L × 30% = 150000
- 20L × 40% = 800000

9.5L

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

6.2 When A/c'ing Year & Tax Year end is different, in such cases diff Avg Annual Tax Rate is computed for Quarter's falling in Different Tax Years



	Q1	Q2		Q3	Q4
Profit	200	200		200	200
Tax @ 20%	40	40	Tax @ 30%	60	60

Extra Example

Profit in Q1 = ₹150 lakhs

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

Income Tax Rate = 30%.

Calculate Tax Exp for each interim period.

Sol^n: Avg Annual Tax Rate = $\frac{\text{Total Tax Exp for full Year}}{\text{Total Profit of Curr. Year}} \times 100$

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

X

	Q1	Q2	Q3	Q4
Profit	150 lakhs	(50)	(50)	(50)
Tax @ ~~0%~~ 30%	45	(15)	(15)	(15)
	Tax Exp	Tax Saving	Tax Savings	Tax Savings

Note: When Avg Rate is 0% in such cases dont write tax exp as 0 in all Qtrs. instead calculate tax exp on profit & Tax Savings on loss as per rate given in ques.

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7) Other Special cases

1] Whether qtrly results prepared under clause 41 of Listing agreement entered btw stock exch & listed enterprise meets the def^n of Interim Financial report as per AS 25 & whether all provisions of AS 25 should be applied on the same?

→ Those qtrly results DO NOT meet the def^n of AS 25.
However recognition & measurement principles given in AS 25 should be applied for recog^n & measurement of items contained in such interim results.

B] <u>Impairment loss of PPE / writedown of Inventories to NRV</u>

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

(AS 15)

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

→ <u>Determined on Year to Date Basis</u>

	Q1	Q2
Prov for Gratuity	10k	15k

Year to date

P/L 10k
To Prov 10k

P/L ~~15k~~ 5k
To Prov ~~15k~~ 5k