IAS - 33

Interim Financial Reporting

By: http://www.WorldGAAPInfo.com

International Accounting Standard No 34 (IAS 34)

Interim Financial Reporting

Objective

The objective of this Standard is to establish the minimum content of interim financial information and to establish criteria for the recognition and valuation to be followed in the preparation of interim financial statements as presented in a complete or condensed. The interim financial information, if presented in a timely and contains reliable data, which improves the ability of investors, lenders and other users have to understand the entity's ability to generate profits and cash flows and its financial strength and liquidity.

Scope

1. This Standard does not state that entities are required to publish interim financial statements, nor how often you should do or how much time must elapse after the end of the interim period until the occurrence of interim reporting. However, governments, securities commissions, stock exchanges and the accounting professional bodies oblige, often to entities whose securities are listed on public markets, to present interim financial information. This rule applies if the entity is obliged to publish such information as if it decides to publish interim financial information following the International Financial Reporting Standards. The International Accounting Standards Committee advises Contabilidad1 entities whose securities are listed on the markets, which provide interim financial statements that meet the criteria for recognition, measurement and presentation in this Standard. More specifically, it is advisable for entities with securities listed on stock exchanges that:

   (a) publish at least interim financial statements relating to the first half of each of its annual accounting periods, and that

   (b) make their interim financial statements available to users within a period not exceeding 60 days after completion of the interim period.

2. Assessment of compliance and conformity with International Financial Reporting Standards will be made separately for each set of financial information, either annual or interim. The fact that an entity has published interim reporting during a particular period, or has published interim financial reports that do not meet this standard, does not prevent its annual financial statements comply with International Financial Reporting Standards if they are have made following the same.

3. To qualify for the interim financial information as an entity in accordance with International Financial Reporting Standards, must meet all requirements established in that Standard. In paragraph 19 requires disclosure of certain information in this regard.

Definitions

4. The following terms are used in this Standard with the meanings specified below:

An interim period is any period less than a full annual period.

For interim financial information means any financial information that contains either a complete set of financial statements (such as those described in IAS 1 Presentation of Financial Statements (revised 2007)), or a condensed set of financial statements (as described in this Standard) for an intermediate year.

Content of interim financial information

5. IAS 1 (revised 2007) defines a set of full financial statements, such as those that include the following:

(a) a statement of financial position at year-end;

(b) a statement of the overall result of the exercise;

(c) a statement of changes in equity for the year;

(d) a statement of cash flows for the year;

(e) notes, including a summary of significant accounting policies and other explanatory information and

(f) a statement of financial position at the top of the first comparative exercise in which an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or reclassifies items in its financial statements.

6. In the interest of timeliness and cost information, and to avoid repetition of previously published data, the entity may be required or decide for itself, unless the publication of information in the interim periods contained in the its annual financial statements. This Standard defines the minimum content of interim financial information, including condensed financial statements and selected explanatory notes. The interim financial information is prepared with the intent to update the latest annual financial statements made. According to the above, the emphasis is on new activities, events and circumstances and is therefore not duplicate information previously released.

7. There is no paragraph in this Standard that prohibits or discourages public entities, in the interim, rather than the condensed financial statements and selected notes, a complete set of financial statements (as described in IAS 1 Presentation of financial statements).

Nor is prohibited or discouraged in this Standard included in the condensed financial statements for additional information from the items selected notes or the minimum required by this Standard. The guidelines on the recognition and valuation provided in this Standard are also applicable to the full financial statements of interim period, and such statements may contain all the information disclosure required by the Standard (including information on the selected notes to be contained in paragraph 16), as well as those required in other standards.

Minimum components of the interim financial information

8. **The interim financial information should contain at least the following components:**

   (a) a condensed statement of financial position;

   (b) a condensed statement of the overall result, as presented:

      (i) a single condensate, or

      (ii) a condensed income statement and a separate state of the overall condensate;

   (c) a statement of changes in equity condensate;

   (d) a statement of cash flows condensate and

   (e) selected explanatory notes.

8A. If an entity presents the components of the result in a separate income statement as described in paragraph 81 of IAS 1 (revised 2007), will present interim condensed separately from that state.

Form and content of interim financial statements

9. **If an entity publishes a complete set of financial statements in its interim financial information, form and content of such statements must meet the requirements of IAS 1 for a complete set of financial statements.**

10. **If an entity publishes a condensed set of financial statements in its interim financial information, such condensed financial statements should contain at least each of the major headings and sub-groups which have been included in the most recent annual financial statements and selected explanatory notes required under this Standard. Items should be included or additional notes; provided that**

their omission may lead to interim financial statements may be misinterpreted.

11. **If the entity is within the scope of IAS 33 Earnings per share, earnings per share present basic and diluted for the year in the state of the components of the result for an interim period *.**

    11A. If an entity presents the components of the result in a separate income statement as described in paragraph 81 of IAS 1 (revised 2007), will present earnings per share Basic and diluted in this state alone.

12. IAS 1 (revised 2007) will provide a guide on structure of financial statements. The Implementation Guide to IAS 1 provides examples of how they can balance, income statement and statement of changes in equity.

13. (Deleted)

14. The interim financial information will be consolidated if the most recent financial statements of the entity is prepared on a consolidated basis. The financial statements of the parent are not consistent or comparable with the most recent consolidated financial statements of the group. If the annual financial information includes the entity, together with the consolidated financial statements, the individual states of the parent, this Standard neither requires nor prohibits the inclusion also of the individual states dominant in the information generated by the intermediate entity.

Selected explanatory notes

15. Typically, the user of the interim financial information of an entity will also have access to the most recent annual financial statements of the same. It is therefore unnecessary for the notes to interim reporting insignificant updates to the information that was provided for in the most recent annual report. At the time of interim reporting, will be more useful to give an explanation of the events and transactions since the date of the annual financial statements and that are meaningful to understand the changes in financial position and performance of the entity.

16. **The company must include at least the footnotes to the interim financial information, information that follows, where the relative importance and is not offered anywhere else in the intermediate state. This information should be provided taking into account the period since the beginning of the period. However, the company must also disclose information about the events or transactions that are significant to understanding the latest interim period:**

    (a) a declaration that has followed the same policies and methods of computation in the interim financial statements in the most recent annual financial statements or, if certain policies or some methods have changed, a description of the nature

and the effects of such changes;

(b) explanatory comments about the seasonality or cyclicality of interim period transactions;

(c) the nature and amount of items affecting assets and liabilities, net worth, net income or cash flows that are unusual because of their nature, amount or impact;

(d) the nature and amount of changes in estimates of items of prior interim periods within the same period, or changes in estimates of amounts presented for prior periods, provided that some other changes to take effect significant in the interim period on which this report;

(e) emissions, repurchases and repayments of debt securities or capital of the company;

(f) Dividends paid (either in aggregate or per share), separating those for ordinary shares of other operations;

(g) the following business segment information (required to disclose information only if the intermediate segment IFRS 8 Operating Segments requires the entity to disclose segment information in its annual financial statements):

> **(i) Revenue from external customers, if included in the valuation of the profit or loss reviewed by the segments of the highest operational decision-making or provide the same otherwise regularly;**
>
> **(ii) inter-segment revenues, if included in the valuation of the profit or loss reviewed by the segments of the highest operational decision-making or provide the same otherwise regularly;**
>
> **(iii) an assessment of the gain or loss of segments;**
>
> **(iv) the total assets that have registered a significant change to the amount indicated in the last annual financial statements;**
>
> **(v) a description of the differences with regard to the latest annual financial statements, on the basis of segmentation or the basis for valuation of the gain or loss of segments;**
>
> **(vi) reconciliation of total valuations of the gain or loss of segments on which it is informed with the gain or loss from the body before taking account of the expense (income) taxes and discontinued operations. However, if an entity allocates segments to be informed about such**

concepts as the expense (income) taxes, may reconcile the total of the valuations of the gain or loss of segments with the gain or loss after taking into account such concepts. Significant reconciling items were identified and shown separately in this reconciliation;

(h) post-closure of the intermediate period, being significant, were not reflected in the intermediate stages that relate to it;

(i) the effect of changes in the composition of the entity during the interim period, including business combinations, acquisitions or sales of subsidiaries and long-term investments, restructuring and discontinued operations. In the case of business combinations, the entity shall disclose the information required by paragraphs 66 to 73 of IFRS 3 Business Combinations and

(j) changes in assets and contingent liabilities since the end of last year under report.

17. Listed below are some information that would be required to disclose under the wording of paragraph 16. Standards and Interpretations provide concrete guidelines on information disclosure for many of these items:

(a) the sales value of inventories to net realizable value and the reversal of such reduction in value;

(b) the recognition of an impairment loss in value of tangible assets, intangible or other assets, as well as the reversal of the impairment loss;

(c) the reversal of any provisions for restructuring costs;

(d) acquisitions and disposals, disposal or otherwise, of tangible fixed assets;

(e) the purchase of tangible fixed assets;

(f) payments arising from litigation;

(g) corrections of errors from previous years;

(h) [deleted]

(i) any default or other default of a loan agreement that has not been corrected in the balance sheet date, or before it, and

(j) the related party transactions.

18. Other Rules to disclose specified information in the financial statements. In the context of these Rules, the term financial statements includes the full set of financial statements of the type normally included in the annual financial report of the company and that sometimes includes other types of reports. Except as required in paragraph (i) of paragraph 16 to disclose the information required by other standards are not mandatory if the interim financial information consists of the entity, instead of a complete set of financial statements, only condensed financial statements and some selected explanatory notes.

To disclose information on compliance with IFRS

19. **The entity should disclose the fact that its interim financial information has been prepared in accordance with this Standard, which has always fulfilled its requirements to produce it. In the interim financial information should not be declared in compliance with the Rules, unless otherwise have met the requirements of each and every one of the International Financial Reporting Standards applicable.**

Periods for which interim financial statements requires

20. **Information must include interim financial statements (both condensed or complete) for the following ranges:**

(a) balance sheet dated as at close of the interim accounting period being reported and a comparative balance sheet at the end of the year immediately preceding year;

(b) state of the overall result for the current year and the intermediate accumulated for the current year to date, together with comparative statements for the overall result for the corresponding interim periods (current year and accumulated to date) of the preceding annual accounting period . According allows IAS 1 (revised 2007), may file an interim one for each state of the overall result, or a statement showing the components of the result (separate income statement) and a second state that starts with the result and showing the components of other global outcome (state of the overall result).

(c) statement of changes in equity accumulated over the entire period to date, together with a comparative statement for the same period of time referred to the previous annual period, and

(d) a statement of cash flows for the entire cumulative period to date, together with a comparative statement for the same period of time referred to the previous annual period.

21. In the case of entities engaged in activities that are highly seasonal, it may be useful to provide information on the twelve months ending the end of the interim period and comparative information for the twelve months preceding them. Accordingly, it is advisable to entities with strong seasonal activities, consider the publication of these data in addition to the information required under the preceding paragraph.

22. in Appendix 1 sets out the time required for the issuance of interim financial information in the case of an entity that makes quarterly and biannual basis.

Relative

23. In deciding how to recognize, assess, classify, or disclose information about a specific item in the interim financial statements, materiality must be assessed in relation to the financial data for the interim period in question. In conducting assessments on materiality, it should be noted that the intermediate values can be based on estimates more frequently than the corresponding values to the data of annual accounting period.

24. Both the IAS 1 and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, states that an item or material will be relative if its omission or misstatement could influence economic decisions taken by users from financial statements. In IAS 1 requires separate disclosure of information material items, including, for example, holdings interrupted while in IAS 8 requires disclosure of information errors, as well as changes in estimates and accounting policies. None of the standards contained quantitative guidelines for materiality.

25. While it is always necessary to conduct trials to assess materiality, this Standard are based on the recognition and disclosure decisions based on the data of the interim period, for reasons of understanding of the figures relating to it. For example, unusual items, changes in accounting policies or estimates and errors are recognized and disclosed according to their relative importance in relation to the figures of the interim period, to avoid erroneous inferences that would result from the lack Disclosure of such items. The purpose of this exemption is to ensure that the report contains all data relevant to understand the situation and the financial performance of the entity during the interim period.

Information to be disclosed in annual financial statements

26. If the estimate for an item presented in a previous interim period, it was significantly amended during the interim period end of period accounting year, but has not been published interim financial information separately for the period ending, the nature and amount of such change in the estimates must be specific information, using a note of which correspond to the financial statements for the

full period.

27. IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, requires the submission of nature and, if applicable, the amount of change estimated to result in any significant effects on the current period or in subsequent periods. Paragraph 16 (d) of this Standard requires disclosure of similar information within the interim financial information. Among the possible examples include changes in the estimates of the final interim period of the year, on sales of stock value, to provisions for restructuring or cases of damage to the value of other assets, which were the subject of recognition in a period within the previous interim period. The information required in the previous paragraph is consistent with the requirements of IAS 8, but has a less-confined solely to changes in the estimates. The entity is not obliged to disclose additional information concerning interim periods in their annual financial statements.

Recognition and Measurement

Policies similar to those used in the annual information

28. The entity must apply to the interim financial statements, the same accounting policies applied in its annual financial statements, except as regards to changes in accounting policies implemented after the closing date of the annual financial statements more recent, which have reflected that in coming here. However, the frequency with which the entity information (annual, biannual or quarterly) should not affect the valuation of the annual figures. To achieve this objective, the assessment made for the interim reporting should cover the entire interval since the start of the annual accounting period until the end date of the interim period.

29. The fact require that the entity applies the same accounting policies in the interim financial statements and in the year, may lead to the conclusion that the apparent intermediate values are performed as if each interim period should remain isolated, as if it were an independent accountant. However, to ensure that the frequency of information from the entity does not affect the valuation of its annual figures, paragraph 28, is making the recognition of the interim period is part of an annual accounting period is longer. The measurements from last year until the closing date of the interim period may lead to revision of the amounts of certain items, as presented in previous periods in the same period a year. However, policies for the recognition of assets, liabilities, income and expenses in interim periods, are the same as those used in the annual financial statements.

30. Examples of the above, include:

(a) policies for the recognition and valuation of losses by depreciation of stocks, by restructuring or impairment in the value of other assets, in the interim period, are the same as if the entity would continue to prepare annual financial statements only. However, if these items of expenditure are recognized and valued in an interim period, and changes in estimates are recognized in another post within the same annual accounting period, the original estimate would be corrected in the subsequent period, and carrying out the income statement the additional expense or loss, or otherwise, reversing the reduction in the excess value or the provision previously recognized;

(b) a cost that does not meet the definition of assets at the end of a given interim period, should not be delayed, placing it in the statement of financial position in anticipation of either future to provide more information on compliance evidence the conditions or charges against earnings of subsequent periods of the annual accounting period, and

(c) the expense for income taxes is recognized in each of the intermediate periods, based on the best estimate of the weighted average tax rate is expected for the annual accounting period. The amounts calculated for the tax expense in that interim period, may require adjustments in subsequent periods provided estimates of the annual rate has changed by then.

31. Within the Framework for the Preparation and Presentation of Financial Statements (the Framework), recognition is the "process of incorporating in the balance sheet or the income of an item that meets the definition of the element and also satisfying the criteria for recognition. The definitions of assets, liabilities, revenues and expenses are essential for the recognition of the corresponding elements at the end of both periods of the annual financial statements as of the intermediate state.

32. In the case of assets, shall apply on the date of the interim and the annual, the same evidence regarding future economic gains. The costs which by their nature do not fulfill the conditions to be activated on the date of the annual financial statements, nor to comply with a final interim period under report. In a similar vein, a liability in the interim must represent an existing obligation at that time, just as would happen if it were the end of one year under report.

33. A key feature of the revenue and expenditure, is that the corresponding inputs or outputs of assets or liabilities, as appropriate, have already taken place. If such flows are entering or leaving in effect, is to recognize ordinary income or expenditure, and otherwise not be recognized. In the Framework states that "It is an expense in the income statement when there is a decrease in future economic gains associated with a decrease in assets or an increase in obligations, and expenditures can be measured reliably . This conceptual framework does not allow the recognition of items in the balance sheet, which do not meet the definition of assets or liabilities.

34. In valuing the assets, liabilities, income, expenses and cash flows for inclusion in its financial statements, the entity that presents financial information annually to take into account the information available throughout the period. Their ratings will be from the beginning of the period until the date of filing the information, even if it is annual.

35. The financial reporting entity to submit a biannual basis using information available at time of half the period, or somewhat later, to perform valuations of the items of their semiannual statements and information available at the date of annual financial statements, or somewhat later, to perform valuations of the items for the entire year. These evaluations concerning the full year reflect any changes in estimates in the figures of the first half. The amounts reflected in the semi-annual interim reporting are not subject to retrospective adjustment. Paragraphs 16 (d) and 26 require, however, that the company disclose information on the nature and amount of any significant changes to the estimates previously made.

36. The entity to submit financial information more frequently than every six months, assess the income and expenditure since the beginning of the annual accounting period to the end of the corresponding interim period using information available at the time of preparing the financial statements. The amounts of revenues and expenditures that occur in each interim period, also reflect any changes in estimates for items that have been presented in earlier periods in the same period a year. The amounts reflected in the previous interim periods are not subject to retrospective adjustment. Paragraphs 16 (d) and 26 require, however, that the company disclose information on the nature and amount of any significant changes to the estimates previously made.

Revenue received seasonally, cyclically or occasionally

37. Revenue to be paid on a seasonal, cyclical or occasional basis should not be within the same annual accounting period, in advance or deferred for the preparation of interim or advance if such deferral would not be appropriate for the presentation of the financial information at the end of the annual accounting period.

38. Some examples of situations described above may include dividends, royalties and government grants. In addition, it may happen that certain entities to obtain systematically more revenue in some intermediate periods than in others within the same annual accounting period, as for example with revenue seasonal retailers. Such revenues are recognized only when they actually happened.

Costs incurred unevenly throughout the period

39. The costs incurred that are not in a uniform manner throughout the period will be subject to anticipation or deferral in the interim financial statements if and only if, it was also appropriate to anticipate or defer such costs at the rate of the final period year.

Application of the criteria for recognition and measurement

40. Appendix B includes examples of applying the general criteria for the recognition and measurement set out in paragraphs 28 to 39.

Use of Estimates

41. The assessment procedures to be followed in the interim financial statements have to be designed to ensure that the resulting information is reliable and which is revealed in them, as appropriate, all significant financial information that is relevant to understanding financial position or performance of the entity. Although the ratings both in the annual financial statements and are based on frequently on reasonable estimates, preparation of interim financial information required, in general, greater use of estimation methods in the annual information.

42. Appendix C includes examples of the use of estimates in interim periods.

Adjustments to the figures presented in previous interim periods

43. Any change in an accounting policy, other than those with transitional arrangements have been specified by a new Standard or Interpretation will be reflected by either of the following procedures:

(a) Restated financial statements for prior interim periods of the annual accounting period, as well as for the comparable interim periods of any previous year, according to IAS 8, or

(b) if it is impracticable to determine the cumulative effect at the beginning of the year, implementing a new accounting policy to all prior periods, by adjusting the financial statements of prior interim periods within the same year, and the comparable periods corresponding periods a year earlier, to implement the new accounting policy prospectively from the date remotely possible.

44. The aim of the principle established in the previous paragraph, is to ensure that there is a single policy for each category of transactions within the same period a year. According to IAS 8, a change in accounting policy is reflected by retrospective application, the restated figures for earlier periods far remote where possible. However, if impracticable to determine the cumulative amount of the adjustment relating to previous years, IAS 8 requires that the new policy will be applied prospectively from the date remotely possible. The effect of the principle in paragraph 43 is to require that, within the same annual accounting period, any change in an accounting policy is applied either retrospectively or, if this is impracticable, on a prospective basis and at the latest, from the beginning of the year concerned.

45. Allow changes in accounting policies are reflected in the closing date of an interim period within the annual period, would apply two different accounting policies to reflect a particular class of transactions involved in the same period. The result of this treatment may be difficulties to make deliveries between accounting periods and interim operating results confuse and complicate the analysis and understanding of interim reporting.

Effective Date

46. This standard is effective for financial statements covering periods beginning on or after January 1, 1999. It is advisable to apply early.

47. IAS 1 (revised 2007) amended the terminology used in IFRS. In addition, amended paragraphs 4, 5, 8, 11, 12 and 20, delete paragraph 13 and added paragraphs 8A and 11A. An entity shall apply those amendments for annual periods beginning on

or after January 1, 2009. If an entity applies IAS 1 (revised 2007) a year earlier, the amendments also apply to it. An entity shall apply those amendments for annual periods beginning on or after January 1, 2009. If an entity applies IAS 1 (revised 2007) to prior periods, the changes also apply to these exercises.