

Contents of interim reporting

	Page
1 – Interim reports	1003
Introduction	1003
Objective and scope of IAS 34	1003
Frequency of reporting	1005
Publication timescale	1006
The reporting entity	1006
Impact on annual financial statements	1006
2 – Basis of preparation of interim financial reports	1007
The use of estimates	1009
Seasonality of revenue or costs	1010
Accounting policies	1011
Changes in accounting policy and prior year adjustments	1011
Materiality	1016
3 – Content of interim financial reports	1017
Explanatory notes	1027
Related party transactions	1032
Segment reporting	1032
Financial instruments disclosure	1035
Management commentary	1038
Going concern	1039
Non-GAAP information	1041
Periods to be presented and comparatives	1041
4 – Practical applications	1043
Planned but irregular expenditure	1043
Major planned periodic maintenance or overhaul	1043
Employee costs	1043
Year end bonuses	1043
Employer payroll taxes and insurance contributions	1044
Pensions	1044
Defined contribution scheme	1045
Defined benefit scheme	1045
Holidays and other short-term paid absence	1047
Share-based payment	1048
Taxation	1049
Tax credits	1049
Tax charge in respect of prior year	1050
Change in estimated or actual effective tax rate	1050
Tax year differs from accounting year	1050
Intra-period losses	1051
Inter-period loss carry-backs or carry-forwards	1053
Recognition and de-recognition of deferred tax assets	1054
Taxation - impact of share options	1056
Effect of acquired subsidiary on tax charge in interims	1057

Associates and joint arrangements.....	1057
Foreign currency.....	1058
Earnings per share.....	1058
Intangible assets.....	1059
Depreciation and amortisation.....	1059
Impairment.....	1060
Inventories.....	1061
Provisions and contingencies.....	1062
Contingent lease payments.....	1064
Contractual or anticipated purchase price variations.....	1064
Industry-specific levies.....	1065
Financial services fees – Management and performance fees.....	1066
Financial instruments.....	1066
Use of estimates.....	1067
Revaluations.....	1067
Inter-company reconciliations.....	1069
Classification of current and non-current assets and liabilities.....	1069
Changes in the group structure.....	1069
Acquisitions.....	1070
Non-current assets held for sale and discontinued operations.....	1073
Restructurings.....	1074
Hyperinflation.....	1074
First-time adoption of IFRS.....	1075

1 – Interim reports

Introduction

1.1 Although there is no requirement under International Financial Reporting Standards to publish *interim financial information*, it is recognised that there may be a need for some entities to publish financial information for a period shorter than their full reporting period, in addition to the annual financial statements that cover the whole period. This information may be produced voluntarily or may be required locally by governments, securities regulators, stock exchanges, accounting bodies or market expectations. The use of IAS 34 is encouraged for publicly traded entities that produce interim financial reports. This publication outlines the requirements of IAS 34.

1.2 Many companies issue preliminary announcements to the market as a first external communication of their financial performance and position for the financial year. Some of the issues discussed in this publication also arise in the context of preliminary announcements; however, there is currently no requirement under IFRS to publish a preliminary announcement nor is there any international guidance surrounding their preparation. Companies should, therefore, look to local guidance, for example from national standard setters or regulators.

Objective and scope of IAS 34

1.3 IAS 34 recognises that, although the users of financial information need full financial statements annually, at interim dates condensed information will satisfy the needs of the majority of users.

1.4 IAS 34's objective is to prescribe the minimum content that an interim financial report should contain and the principles that should be used for recognising and measuring amounts included in that report. Compliance with IAS 34 should provide the user of an interim financial report with confidence in the relevance and reliability of the information presented. An interim financial report means a financial report containing either a complete set of financial statements (as described in IAS 1 – see further chapter 4 of the IFRS Manual of Accounting) or a set of condensed financial statements (as described in IAS 34 – see further para 3.5) for an interim period (that is, a period shorter than a full financial year), ensuring the entity's shareholders receive frequent, reliable, consistent and comparable financial information within the constraints of cost and time. [IAS 34 para 4]. IAS 34 does not discourage the presentation of information in excess of the minimum required by the standard. [IAS 34 para 7].

1.5 Where an entity that reports in accordance with IFRS is preparing an interim financial report (as opposed to publishing specified information such as turnover or result for an interim period), users would generally expect it to be prepared in accordance with IAS 34 and to state its compliance with the standard. This expectation applies to all interim reports, be they half-yearly, quarterly, monthly or prepared specifically for creditors or potential investors, for example, and where the intention is to provide full or condensed financial statement information.

1.6 An interim report must not be described as complying with IAS 34 or with IFRS if it has not been prepared in accordance with IAS 34. [IAS 34 para 3].

1.7 IAS 34 does not mandate the entities that are required to publish interim financial reports, the frequency with which they should be published or the timescale in which they should be available, but recognises that such matters are mandated by governments, securities regulators, stock exchanges and accounting bodies and will vary between territories. However, the standard