

# IND AS 34

J P Chawla & Co. LLP

Chartered Accountants

Taxation | Audit | Outsourcing | Regulatory | Transaction Advisory | Consultancy Services



The Ind AS are converged IFRS standards, which have been introduced to standardize the way Indian companies report their financial information to various stake holders.

Reliable, consistent and uniform financial reporting is important part of good corporate governance practices worldwide in order to enhance the credibility of the businesses in the eyes of investors to take informed investment decisions. In pursuance of G-20 commitment given by India, the process of convergence of Indian Accounting Standards with IFRS has been carried out in Ministry of Corporate Affairs through wide ranging consultative exercise with all the stakeholders. Thirty-nine Indian Accounting Standards converged with International Financial Reporting Standards are (henceforth called IND AS) are currently notified by the Ministry. These are: IND ASs 1, 2, 7, 8, 10, 12, 16, 19, 20, 21, 23, 24, 27, 28, 29, 32, 33, 34, 36, 37, 38, 40,41, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110,111,112,113,114,115, 116.

Companies follow Ind AS either Voluntarily or Mandatorily. Once a company follows Indian AS, either mandatorily or voluntarily, it cannot revert to old method of Accounting.The Mandatory Applicability from Accounting Period beginning on or after 1 April 2017 is for :

- Every Listed Company or company in process of being listed.
- Unlisted Companies with Net worth greater than or equal to Rs. 250 crore (2.5 billion)

The Ministry of Corporate Affairs has implemented the IFRS converged Indian Accounting Standards in a phased manner after various issues including tax related issues have been resolved with the concerned departments.

We have prepared a simple analysis for below mentioned Ind AS for your ready reference which can act as ready-reckoner for your day to day use.

**Hope you enjoy reading our Analysis.**

**Happy reading!!**

**Team J P Chawla & Co. LLP**

**Rajat Chawla**

He is a Fellow member of the Institute of Chartered Accountants of India. He is also a C.P.A; Certified Public Accountant from The American Institute of Certified Public Accountants, United States of America. He is also a commerce honours graduate from Delhi University, Delhi, India. He is also a Certified Information System Auditor (C.I.S.A) and a member of Information system Audit and Control Association, United States of America.

His area of expertise includes Audit and Assurance, International Taxation ,Transfer Pricing, International business advisory, Valuations, FEMA/ RBI advisory, Goods & Service tax (GST), Merger and Acquisitions, Management consultancy, Due Diligence, Information system audit and development, reporting under US GAAP and IFRS, Accounting process improvement, Business process outsourcing, Knowledge process outsourcing and Business process off shoring.

He has been a regular speaker at various forums on various topics related to Tax, finance and commerce. He has also contributed in various tax publications as author / co-author. He has also co-authored two books on transfer pricing, published by Lexis – Nexis and Taxmann respectively.

**Mohit Dixit**

He is a member of the Institute of Chartered Accountants of India and he is also a commerce honours graduate from Delhi University.

He is having 5 + years of experience in the area of statutory audits, internal audits, assurance & Transaction Advisory related engagements in industries such as manufacturing, retail, infrastructure, information technology, e-commerce, banking, telecommunication, health and aviation sectors.

His area of expertise includes Indian GAAP and IND AS Advisory, Management accounting, outsourcing, audit & assurance, financial reporting and valuation.

## Ind AS-34 Interim Financial Reporting

### What is Interim financial report?

Interim financial report means a financial report containing either a complete set of financial statements (as described in Ind AS 1) or a set of condensed financial statements (as described in this AS 34) for an interim period.

*Interim period is a financial reporting period shorter than a full financial year.*

### Why Ind AS 34?

This standard is for the minimum content of an interim financial report and to prescribe the principles for recognition and measurement for timeliness and reliability in interim financial report.

This Standard applies if an entity is required or elects to publish an interim financial report in accordance with Indian Accounting Standards.

### Minimum Content of an interim financial report

An interim financial report shall include, at a minimum, the following components:

1. a condensed balance sheet
2. a condensed statement of profit and loss
3. a condensed statement of changes in equity
4. a condensed statement of cash flows; and
5. selected explanatory notes.

### Form and content of interim financial statements

The cost of inventories shall comprise:

<b>Complete set of financial statements</b>	If an entity publishes a complete set of financial statements in its interim financial report, the form and content of those statements shall conform to the requirements of Ind AS 1 for a complete set of financial statements.
<b>Condensed financial statements</b>	If an entity publishes a set of condensed financial statements in its interim financial report, those condensed statements shall include, at a minimum, each of the headings and subtotals that were included in its most recent annual financial statements and the selected explanatory notes as required by this Standard. <i>Additional line items or notes shall be included if their omission would make the condensed interim financial statements misleading.</i>

In the statement that presents the components of profit or loss for an interim period, an entity shall present basic and diluted earnings per share for that period when the entity is within the scope of Ind AS 33, Earnings per Share.

An entity shall include in its interim financial report an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the entity since the end of the last annual reporting period.

***Recognition and measurement***

- An entity shall apply the same accounting policies as are applied in its annual financial statements, except for accounting policy changes made after the date of the most recent annual financial statements that are to be reflected in the next annual financial statements.
- Revenues that are received seasonally, cyclically, or occasionally within a financial year shall not be anticipated or deferred as of an interim date if anticipation or deferral would not be appropriate at the end of the entity’s financial year.
- Costs that are incurred unevenly during an entity’s financial year shall be anticipated or deferred for interim reporting purposes if, and only if, it is also appropriate to anticipate or defer that type of cost at the end of the financial year.
- While measurements in both annual and interim financial reports are often based on reasonable estimates, the preparation of interim financial reports generally will require a greater use of estimation methods than annual financial reports.
- Restating the financial statements of prior interim periods of the current financial year and the comparable interim periods of any prior financial years that will be in accordance with Ind AS 8.

***Periods for which interim financial statements are required to be presented***

Components	Current Period	Comparative
Balance Sheet	At the end of the current interim period	At the end of the immediately preceding financial year.
Statements of Profit and loss	For the current interim period And Cumulatively for the current financial year to date,	For the comparable interim periods of the immediately preceding financial year And Cumulatively for the immediately preceding financial year to date
Statement of changes in equity	Cumulatively for the current financial year to date	Cumulative of the immediately preceding financial year to date
Statement of cash flows	Cumulatively for the current financial year to date	Cumulative of the immediately preceding financial year to date

Disclosure

- If an entity's interim financial report is in compliance with this Standard, that fact shall be disclosed. An interim financial report shall not be described as complying with Ind ASs unless it complies with all of the requirements of Ind ASs.
- Other disclosures as required by other relevant Ind ASs are to be made.
- Explanatory comments about the seasonality or cyclical nature of interim operations are also to be made along with other necessary information.

**Dear Valuable Client / Colleague,**

In case you require any further detailed analysis on above mentioned content, please do get back to us and we shall be happy to provide you the same.

**With Best Regards,**

**Team JPC**

## **About JPC**

JPC is a professional services firm based in Noida- National Capital Region and New Delhi, India. We were established in the year 1974 with the aim to create value for our clients by delivering quality, comprehensive, timely, practical and innovative services. We offer a comprehensive range of services, including taxation services, regulatory services, transaction advisory services, financial & management consultancy services, assurance & risk services, and outsourcing services. Over the past several decades, we have established significant competitive presence in the country. Our vast and diversified client base includes Multinational enterprises, domestic companies, high net worth individuals, government companies and institutions in all leading industry verticals. We are a team of distinguished Chartered Accountants, Management Accountants, Corporate Financial Advisors and Tax Consultants. Our team has the requisite skills and experience to provide complex business, financial, assurance, tax and regulatory services to our clients. Our strength lies in our timely performance-based, industry-tailored and technology-enabled services which are delivered by some of the most talented professionals in the country. For more information about JPC's service offerings, visit [www.jpc.co.in](http://www.jpc.co.in)

In this document, "JPC" refers to J P Chawla & Co. LLP Chartered Accountants (a limited liability partnership firm regulated by the Institute of Chartered Accountants of India, FRN : 001875N/ N500025).

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