IAS 34

Interim Financial Reporting

Recognition, Measurement and Disclosure for Condensed Interim Reports — Updated for IFRS 18

A Digital CFO Solutions Signature Presentation

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ROADMAP

What This Presentation Covers

Five building blocks — from objective and scope through to the interim-reporting consequences of IFRS 18.

1. Foundations

Objective, scope, who reports, and what “interim” means in practice.

2. Recognition & Measurement

The discrete vs. integral debate, seasonal items, and interim tax.

3. Disclosures

Minimum notes, materiality at the interim level, significant events.

4. Amendments & IFRS 18

What changed — especially the new MPM disclosure requirement.

5. Practical Application

Restatement, comparatives, common pitfalls, and an integrated checklist.

Key Takeaways

A one-page summary to anchor everything covered.

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PART ONE

Foundations of Interim Reporting

Objective, scope, and what IAS 34 actually requires an entity to publish.

A Standard About Timeliness, Not a Second Set of Books

IAS 34 prescribes the minimum content of an interim financial report and the principles for recognition and measurement — it does not mandate who must publish one, or how often.

1. **IAS 34 does not mandate interim reporting**
   That decision rests with securities regulators, stock exchanges, and national law — IAS 34 governs form and content once an entity chooses (or is required) to report.

2. **Applies to “complete” or “condensed” statements**
   An entity may publish a full set of IFRS financial statements at the interim date, but almost universally elects the condensed format IAS 34 enables.

3. **“Interim period” is any period shorter than a full financial year**
   Most commonly a half-year or a quarter; the standard's principles apply regardless of frequency.

4. **Encourages, but does not require, quarterly reporting**
   IAS 34 sets a floor for entities that do report at least half-yearly; it does not itself compel any reporting cadence.

REGULATORY LANDSCAPE

The Reporting Obligation Comes From Outside IAS 34

Frequency and the entities that must comply are set by capital-market regulators — IAS 34 simply tells them how to do it once they must.

Market / Regulator	Typical Interim Cadence	Applies IAS 34?
EU-regulated markets (Transparency Directive)	Half-yearly (six-month reports)	Yes
UK Listing Rules / FCA	Half-yearly	Yes
Many Asia-Pacific exchanges (e.g. HKEX, SGX)	Half-yearly, some quarterly	Yes
US domestic SEC filers	Quarterly (Form 10-Q, US GAAP)	No — ASC 270 applies instead
Foreign private issuers filing IFRS with SEC	Varies by home market	Yes, if IFRS is the primary basis

Where an entity is not required to report interim results, IAS 34's use is voluntary — but once adopted, full compliance is expected.

MINIMUM CONTENT

Five Condensed Statements, Selected Notes

A condensed interim report updates the most recent annual financial statements — it does not repeat them.

Condensed Statement of Financial Position

As at the end of the interim period, with a comparative for the immediately preceding year-end.

Condensed Statement of P&L / OCI

For the current interim period and cumulative year-to-date, each with a comparable prior-year period.

Condensed Statement of Changes in Equity

Cumulative year-to-date, with a comparable prior-year period.

Condensed Statement of Cash Flows

Cumulative year-to-date, with a comparable prior-year period.

Selected Explanatory Notes

Not a full note set — explanations of events and transactions material to understanding the change since the last annual report.

Basic and Diluted EPS

Presented on the face of the interim income statement, consistent with IAS 33.

FORM & CONTENT

Same Headings and Subtotals as the Last Annual Report

Condensed statements should, at minimum, include each of the headings and subtotals from the most recent annual financial statements.

What Condensation Permits

Line items and subtotals may be aggregated where the annual statements disaggregated them

Explanatory notes may be materially condensed — the reader is assumed to have the last annual report in hand

Additional line items or notes are added only if their omission would make the condensed report misleading

What Cannot Be Condensed Away

Compliance statement — that the interim report is prepared in accordance with IAS 34

Any change in accounting policy since the last annual report, and its effect

Contingencies, commitments, and other items whose omission would mislead

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PART TWO

Recognition & Measurement Principles

The discrete vs. integral debate, seasonal items, and how interim income tax is estimated.

THE CORE PRINCIPLE

IAS 34 Adopts the Discrete Period View

Each interim period is treated as a discrete accounting period in its own right — not as an integral fraction of the annual result.

	Discrete View (IAS 34)	**Integral View (rejected)**
Recognition trigger	Recognise when the definition and criteria are met, in that period	Smooth or defer costs across the year to normalise each interim result
Costs incurred unevenly	Anticipate or defer only if it would also be appropriate at year-end	Spread evenly over the year regardless of when incurred
Underlying idea	Same recognition and measurement principles as annual reporting, applied more frequently	Interim result treated as a slice of a single annual result

This single choice — discrete over integral — drives almost every recognition and measurement answer elsewhere in IAS 34.

Same Policies as the Last Annual Report

An entity applies the same accounting policies in its interim report as in its most recent annual financial statements, subject to one exception.

1

Consistency is the default

Measurement is made on a year-to-date basis, so as to keep the frequency of reporting from affecting the annual result.

2

New standards adopted mid-year apply immediately

If a new IFRS Standard becomes effective during the financial year, the new policy is applied from the start of that year, restating earlier interim periods presented as comparatives.

3

Measurements rely more heavily on estimates

Interim measurements will often rely more on estimation methods than annual measurements, but reliability of information is not sacrificed.

Recognise When Earned or Incurred — Never Anticipated

Revenue that is seasonal, cyclical, or occasional within the financial year is not anticipated or deferred at an interim date if doing so would be inappropriate at the entity's financial year-end.

Example — Retail Peak Season

A retailer earning 45% of annual revenue in its Q4 holiday season recognises that revenue entirely within Q4 — the other three interim reports are not adjusted to “smooth” results toward an even quarterly run-rate.

Voluntary Additional Disclosure

IAS 34 encourages (but does not require) disclosure of financial information for the twelve months ending on the interim date, with comparatives, for entities whose business is highly seasonal — this helps users see through the seasonal noise.

Anticipate or Defer Only If Appropriate at Year-End Too

Costs that are incurred unevenly during a financial year are anticipated or deferred for interim reporting purposes only if it would also be appropriate to anticipate or defer that type of cost at the end of the financial year.

Cost Type	Interim Treatment	Why
Annual major maintenance shutdown	Recognise in the period incurred	No liability exists before the shutdown occurs — same as at yea
Property tax billed once a year	Accrue rateably across the year if the liability arises over time	Reflects the period the underlying obligation relates to
Volume-based rebates to customers	Recognise the expected obligation as it accrues, using year-to-date volumes	Consistent with the definition of a liability under IAS 37 principl

The Estimated Annual Effective Tax Rate Method

Interim tax expense is measured using the estimated weighted-average annual effective tax rate applied to interim pre-tax income — not a discrete calculation for the period alone.

1. **Forecast the full-year effective tax rate**
   Based on the tax rate expected to apply to total annual earnings, including permanent differences and tax credits expected for the year.

2. **Apply that single rate to year-to-date pre-tax income**
   The rate is re-estimated at each interim date as the full-year forecast changes.

3. **The interim-period charge is the difference from the prior cumulative charge**
   This naturally catches up or reverses earlier estimates as the forecast is refined — see the worked example next.

NUMERICAL ILLUSTRATION 1

Applying the Estimated Annual Tax Rate, Quarter by Quarter

Entity forecasts full-year pre-tax profit of $10,000,000 at an estimated annual effective tax rate of 27%, revised to 28% after Q3.

Quarter	Pre-Tax Profit (YTD, $)	Estimated Annual Rate	Cumulative Tax (YTD, $)	Tax Expense for Quarter ($)
Q1	2,400,000	27%	648,000	648,000
Q2	5,100,000	27%	1,377,000	729,000
Q3	7,600,000	28%*	2,128,000	751,000
Q4	10,000,000	28%	2,800,000	672,000

**Rate revised to 28% during Q3 as the full-year forecast changed; the higher rate is applied to cumulative YTD profit, so Q3's quarterly charge absorbs the catch-up on Q1 and Q2 as well as Q3's own tax.*

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PART THREE

Disclosures in the Interim Report

Minimum explanatory notes, materiality at the interim level, and significant events.

SELECTED EXPLANATORY NOTES

Update Since the Last Annual Report — Not a Repeat of It

Paragraph 16A lists disclosures required if material and not disclosed elsewhere in the interim report; the list is illustrative, not exhaustive.

Accounting policy changes

Any change from the last annual financial statements, and its effect.

Seasonality explanation

Comments on the seasonality or cyclicality of interim operations.

Unusual items

Nature and amount of items affecting assets, liabilities, equity, income or cash flows that are unusual due to nature, size, or incidence.

Estimate changes

Changes in estimates of amounts reported in prior interim periods or prior financial years.

Debt and equity issuances

Issuances, repurchases, and repayments of debt and equity securities.

Dividends

Dividends paid, separately for ordinary shares and other shares.

Assessed Against the Interim Period, Not the Full Year

In deciding what to recognise, measure, classify, or disclose, materiality is assessed in relation to the interim period financial data — not by reference to annual figures.

Practical Effect

An item immaterial to full-year results can be material to a single quarter's results, and vice versa

Interim materiality thresholds are typically smaller in absolute terms than annual thresholds

Judgement must be reapplied at every interim date — it does not simply pro-rate the annual threshold

Worked Illustration

A $300,000 litigation provision is 0.6% of forecast full-year pre-tax profit of $50,000,000 — immaterial annually. But it is 6% of Q1 pre-tax profit of $5,000,000, so it is disclosed and separately explained in the Q1 interim report.

Explain What Has Changed Since Year-End

Paragraph 15B gives examples of events and transactions for which disclosure would be required if significant — the guiding test is always significance to understanding the current interim period.

Example Event	Typical Disclosure Focus
Write-down of inventories to net realisable value	Amount of the write-down and reversal, if any
Recognition of a loss from impairment of assets	Nature, amount, and the asset or CGU affected
Reversal of a provision for restructuring costs	Reason for reversal and amount
Litigation settlements	Nature and financial effect
Corrections of prior period errors	Nature and amount of correction, per IAS 8
Related party transactions	As required under IAS 24, if material to the interim period

Information Given 'Elsewhere in the Interim Financial Report'

A 2021 amendment clarified that required disclosures may be given elsewhere in the interim financial report — provided the interim financial statements are not incomplete as a result.

1. **The disclosure must be incorporated by cross-reference**
   For example, in a management commentary or risk report that is available to users on the same terms as the interim financial statements, and at the same time.

2. **Users must have access on the same terms and at the same time**
   A disclosure buried in a document released later, or restricted to certain users, does not satisfy the requirement.

3. **The cross-referenced content becomes part of the interim financial statements**
   It is therefore subject to the same completeness and fair presentation requirements as if it were included directly.

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PART FOUR

Recent Amendments & the IFRS 18 Impact

What has changed in IAS 34 — and why interim reporting teams need to plan now for 2027.

WHY IFRS 18 MATTERS HERE

A New Income Statement Structure, Effective 2027

IFRS 18 Presentation and Disclosure in Financial Statements, issued April 2024, replaces IAS 1 and becomes effective for annual periods beginning on or after 1 January 2027 — with direct consequences for IAS 34.

Five defined P&L categories

Operating, investing, financing, income tax, and discontinued operations — with mandatory subtotals including "operating profit."

Management-defined performance measures (MPMs)

Subtotals of income and expenses used in public communications outside the financial statements now require a dedicated note.

Consequential amendments elsewhere

IAS 7 cash flow classification, IAS 33 EPS linkage to new subtotals, and — the focus of this section — IAS 34.

THE NEW REQUIREMENT

IAS 34 Now Requires MPM Disclosures at the Interim Date Too

IAS 34 has been amended to require an entity to disclose, in the notes to its condensed interim financial statements, the same management-defined performance measure information that IFRS 18 requires annually.

What Must Be Disclosed

A reconciliation of each MPM to the most directly comparable IFRS-specified subtotal

The income tax effect and the effect on non-controlling interests attributed to each reconciling item

An explanation of how the MPM communicates management's view of performance

Effective Date — Applies From First 2027 Interim Period

The amendment is effective for annual periods beginning on or after 1 January 2027, aligned with IFRS 18 itself. In practice this means the full MPM note is required from an entity's first interim report of 2027 — for a calendar-year reporter, its half-year report to 30 June 2027 — materiality assessed for the interim period, consistent with IAS 34's general materiality principle.

NUMERICAL ILLUSTRATION 2

An MPM Reconciliation Note in a Half-Year Interim Report

Entity discloses "Adjusted operating profit" as an MPM in external investor communications; IAS 34 (as amended) now requires the same reconciliation at H1 2027 as IFRS 18 requires annually.

H1 2027 ($'000)	Amount
Operating profit (IFRS 18 subtotal)	42,600
Add back: restructuring costs	3,150
Add back: acquisition-related transaction costs	1,420
Less: gain on disposal of non-core asset	(2,300)
Adjusted operating profit (MPM)	44,870
Income tax effect of reconciling items (at 27%)	(609)
Non-controlling interest effect	(85)

Note discloses that adjusted operating profit is used by management to assess underlying trading performance excluding one-off items, consistent with the definition applied in the FY2026 annual report.

AMENDMENT TIMELINE

IAS 34's Evolution Toward the 2027 Effective Date

Recent amendments have progressively aligned IAS 34 with the wider IFRS disclosure agenda.

Date	Amendment	Effect on IAS 34
Feb 2021	Disclosure of Accounting Policies	Reinforces materiality-based policy disclosure, carried through to interim notes
2021	Disclosure 'Elsewhere in the Interim Report'	Permits cross-referenced disclosure meeting same-access conditions
May 2024	IFRS 19 Subsidiaries without Public Accountability: Disclosures	Reduced disclosure option extends consistently to eligible subsidiaries' interim reports
Apr 2024 / ongoing	IFRS 18 consequential amendment (MPM note)	New mandatory MPM reconciliation note — effective periods beginning on or after 1 Jan 2027

IAS 34 Does Not Change in Isolation

Two related consequential amendments reshape figures that will flow directly into the interim statements IAS 34 governs.

IAS 7
Operating CF starts from "operating profit"

▶

IAS 33
EPS anchored to new IFRS 18 subtotals

▶

IAS 34
MPM note required at interim dates

- IAS 7: the indirect-method operating cash flow section now starts from the IFRS 18 "operating profit" subtotal, and the option to classify interest/dividends received as operating or investing is removed — interest and dividends received go to investing.
- IAS 33: earnings per share is now calculated using the new IFRS 18 income statement subtotals, keeping the per-share metric consistent with the restructured face of the income statement.
- Together with the IAS 34 MPM note, these three changes mean interim reporting teams should treat 2027 transition planning as a single integrated project, not three separate ones.

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PART FIVE

Practical Application

Restatement, comparatives, common pitfalls, and an integrated readiness checklist.

Comparative Periods Follow a Fixed Pattern

IAS 34 specifies exactly which comparative periods accompany each condensed statement — a common source of preparer error.

Statement	Current Period	Comparative Period
Statement of financial position	End of current interim period	End of immediately preceding financial year
Statement of P&L / OCI	Current interim period + cumulative YTD	Comparable prior-year interim period + cumulative YTD
Statement of changes in equity	Cumulative YTD, current year	Cumulative YTD, comparable prior year
Statement of cash flows	Cumulative YTD, current year	Cumulative YTD, comparable prior year

A frequent error: comparing Q3 2027 to Q2 2027 instead of Q3 2026 — IAS 34 always calls for the comparable prior-year period, not the immediately preceding interim period.

APPLICATION CHALLENGES

Where Interim Reporting Commonly Goes Wrong

Most IAS 34 errors trace back to treating the interim period as an integral fraction of the year, rather than a discrete period.

Smoothing seasonal results

Deferring or anticipating seasonal revenue to present an even quarterly trend — not permitted.

Using a discrete tax calculation

Calculating tax expense on the quarter alone instead of the estimated annual effective rate applied to YTD income.

Under-disclosing at year-to-date materiality

Applying an annual materiality threshold to interim figures, missing items material to the interim period alone.

Wrong comparative period

Comparing to the immediately preceding interim period instead of the comparable period a year earlier.

Freezing accounting policies mid-year

Failing to adopt a new IFRS Standard from the start of the financial year once it becomes effective during that year.

Treating MPM notes as optional

Assuming the new IFRS 18-driven MPM disclosure is only an annual-report matter — it now applies at the interim date too.

READINESS CHECKLIST

Getting Ready for the First 2027 Interim Report

A practical sequence for finance teams preparing their first post-IFRS 18 interim report.

1. **Map current subtotals to the five IFRS 18 P&L categories**
   Operating, investing, financing, income tax, and discontinued operations — including the mandatory “operating profit” subtotal.

2. **Identify every MPM currently disclosed outside the financial statements**
   Investor presentations, press releases, and analyst commentary are common sources of undisclosed MPMs.

3. **Build the MPM reconciliation and tax/NCI-effect calculation into interim close**
   This cannot be a year-end-only exercise once the amendment takes effect for interim periods too.

4. **Update IAS 7 cash flow mapping and IAS 33 EPS calculations in parallel**
   All three consequential changes affect the same income statement restructuring — plan them together.

BRINGING IT TOGETHER

Key Takeaways

The essentials to carry forward from this session.

Discrete Period, Always

Every interim period stands on its own — recognition and measurement follow annual principles, applied more frequently, never smoothed.

Materiality Resets Each Period

Judged against the interim period's own figures, not pro-rated from annual thresholds.

Tax Uses the Estimated Annual Rate

Applied to year-to-date income, re-estimated and caught up at each interim date.

IFRS 18 Reaches Into Interim Reporting

The new MPM reconciliation note applies from an entity's first 2027 interim report, not just annually.

ABOUT THE AUTHOR

A Career Built on Making IFRS Understandable

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Teacher and Mentor to finance professionals worldwide

B D Chatterjee is a Chartered Accountant and financial thought leader with over 35 years of global experience spanning corporate finance, accounting standards, financial reporting, business valuation and financial due diligence. As a seasoned CFO, he has led finance functions across major corporations and now heads Digital CFO Solutions, a platform delivering institutional-grade IFRS, US GAAP and valuation workbooks alongside fractional CFO services.

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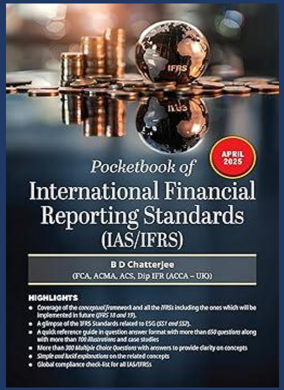
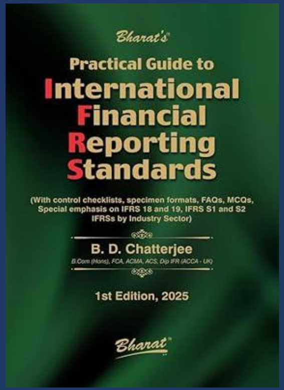
ABOUT THE AUTHOR

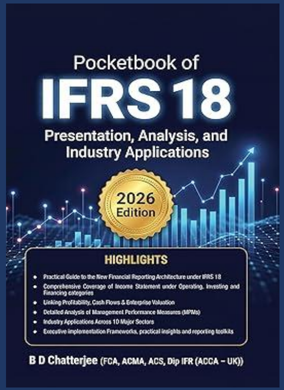
Books by B D Chatterjee — IFRS Library



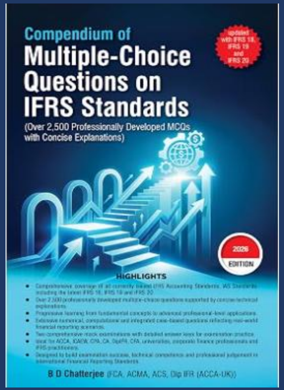
Pocketbook of International Financial Reporting Standards (IAS/IFRS)



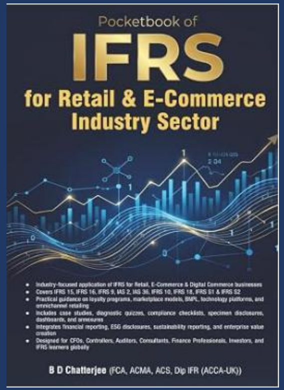
Practical Guide to International Financial Reporting Standards



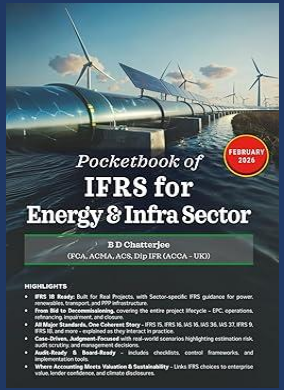
Pocketbook of IFRS 18 — Presentation, Analysis & Industry Applications



Compendium of Multiple-Choice Questions on IFRS Standards



Pocketbook of IFRS for Retail & E-Commerce Industry Sector



Pocketbook of IFRS for Energy & Infra Sector

International Financial Reporting Standards by Industry Sector

Pocketbook of IFRS for FMCG Industry