

## **Basis for Conclusions on IAS 34 *Interim Financial Reporting***

*This Basis for Conclusions accompanies, but is not part of, IAS 34.*

- BC1 This Basis for Conclusions summarises the International Accounting Standards Board's considerations in amending paragraphs 15–18 of IAS 34 *Interim Financial Reporting* as part of *Improvements to IFRSs* issued in May 2010. Those changes aim to emphasise the disclosures principles in IAS 34 and to add further guidance to illustrate how to apply these principles.
- BC2 IAS 34 was developed by the International Accounting Standards Committee (IASC) in 1998 and did not include a Basis for Conclusions.

### **Significant events and transactions**

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- BC3 In *Improvements to IFRSs* issued in May 2010, the Board addressed requests for clarification of the disclosures required by IAS 34 when considered against changes in the disclosure requirements of other IFRSs. IAS 34 was issued by the Board's predecessor body, IASC, in 1998. In the light of recent improvements to disclosure requirements, many users of financial statements asked the Board to consider whether particular disclosures required by IFRS 7 *Financial Instruments: Disclosures* for annual financial statements should also be required in interim financial statements. IAS 34 sets out disclosure principles to determine what information should be disclosed in an interim financial report. The Board concluded that amending IAS 34 to place greater emphasis on those principles and the inclusion of additional examples relating to more recent disclosure requirements, ie fair value measurements, would improve interim financial reporting.
- BC4 As part of *Improvements to IFRSs* issued in May 2010, the Board deleted paragraph 18 of IAS 34 because it repeats paragraph 10 of IAS 34 and because the Board's intention is to emphasise those disclosures that are required rather than those that are not required.

### **Content of an interim financial report**

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- BC5 As part of *Annual Improvements 2009–2011 Cycle* (issued in May 2012) the Board amended paragraph 5 to achieve consistency with paragraphs 10(ea) and 10(f) of IAS 1 *Presentation of Financial Statements*.

### **Selected explanatory notes**

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- BC6 In *Annual Improvements 2009–2011 Cycle* (issued in May 2012) the Board decided to clarify the requirements on segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in paragraph 23 of IFRS 8 *Operating Segments*. The amendment clarifies that the total assets and liabilities for a particular reportable segment are required to be disclosed if, and only if:

- (a) a measure of total assets or of total liabilities (or both) is regularly provided to the chief operating decision maker; and
- (b) there has been a material change from those measures disclosed in the last annual financial statements for that reportable segment.

### **Other disclosures incorporated by cross-reference to information outside the interim financial statements**

- BC7 The Board received a request to clarify the meaning of disclosure of information 'elsewhere in the interim financial report' as used in IAS 34. The submitter noted that the definition of 'interim financial report' in paragraph 4 of IAS 34 was not sufficiently clear with respect to whether the interim financial report covers only the information reported under IFRS (meaning the IFRS interim financial statements) or whether it also includes management reports or other elements in addition to IFRS interim financial statements.
- BC8 The Board observed that presenting information 'elsewhere in the interim financial report' in accordance with paragraph 16A of IAS 34 is unclear. In the Exposure Draft *Annual Improvements to IFRSs 2012–2014 Cycle* (the '2013 Annual Improvements Exposure Draft'), published in December 2013, the Board proposed to clarify that an entity discloses information elsewhere in the interim financial report when it incorporates disclosures by cross-reference to information in another statement. This information should be available to users of the interim financial statements on the same terms as the interim financial statements and at the same time.
- BC9 Some respondents to the 2013 Annual Improvements Exposure Draft observed that the proposed amendment seemed to suggest that the interim financial report was not a single report and that, instead, it included multiple documents. In response to these comments, the Board observed that in accordance with paragraphs 4 and 8 of IAS 34, an interim financial report is a single report that includes a set of condensed financial statements and selected explanatory notes. The Board further clarified that the amendment is not extending the scope of the interim financial report, because the disclosures required in paragraph 16A(a)–(k) of IAS 34 are part of the selected explanatory notes (and therefore part of the interim financial report), even if they are presented in another statement, such as a management commentary or risk report. If they are not presented, the interim financial report would be incomplete.
- BC10 In response to the comments received on the 2013 Annual Improvements Exposure Draft the Board decided to clarify what was meant by the requirement that disclosures incorporated by cross-reference should be made available 'on the same terms' as the financial statements. This means that users of the financial statements should have access to the referenced material on the same basis as they have for accessing the financial statements from where the reference is made.

### **Amended references to the *Conceptual Framework***

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- BC11 Following the issue of the revised *Conceptual Framework for Financial Reporting* in 2018 (2018 *Conceptual Framework*), the Board issued *Amendments to References to the Conceptual Framework in IFRS Standards*. In IAS 34, that document replaced references in paragraphs 31 and 33 to the *Framework for the Preparation and Presentation of Financial Statements* adopted by the Board in 2001 (*Framework*) with references to the 2018 *Conceptual Framework*, and updated a related quotation. The Board does not expect that replacement to have a significant effect on the application of the Standard because the Board made no significant changes to the aspects of recognition that those paragraphs refer to – that is, the importance of definitions for recognition.
- BC12 *Amendments to References to the Conceptual Framework in IFRS Standards* also replaced the term ‘balance sheet’ with the term ‘statement of financial position’ in paragraphs 31 and 33 of IAS 34. The term ‘balance sheet’ had been replaced in IFRS Standards following the revision of IAS 1 *Presentation of Financial Statements* in 2007. However, paragraphs 31 and 33 of IAS 34 had not been amended then because the term was part of direct quotations from the *Framework*. Upon issuing the 2018 *Conceptual Framework*, the Board replaced the term ‘balance sheet’ in those paragraphs so that the terminology used in the 2018 *Conceptual Framework* and in IFRS Standards is consistent.