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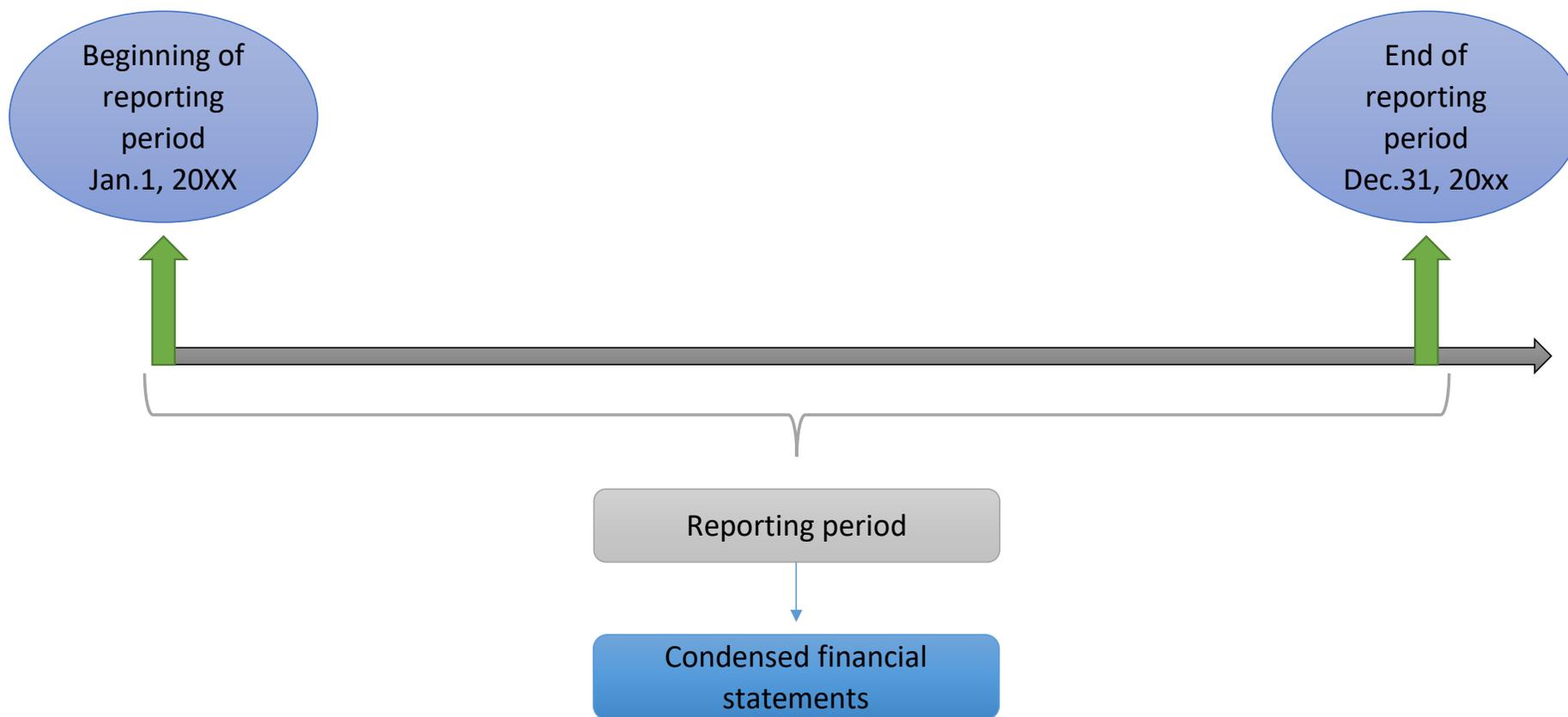
IAS® Standard 34 Interim Financial Reporting



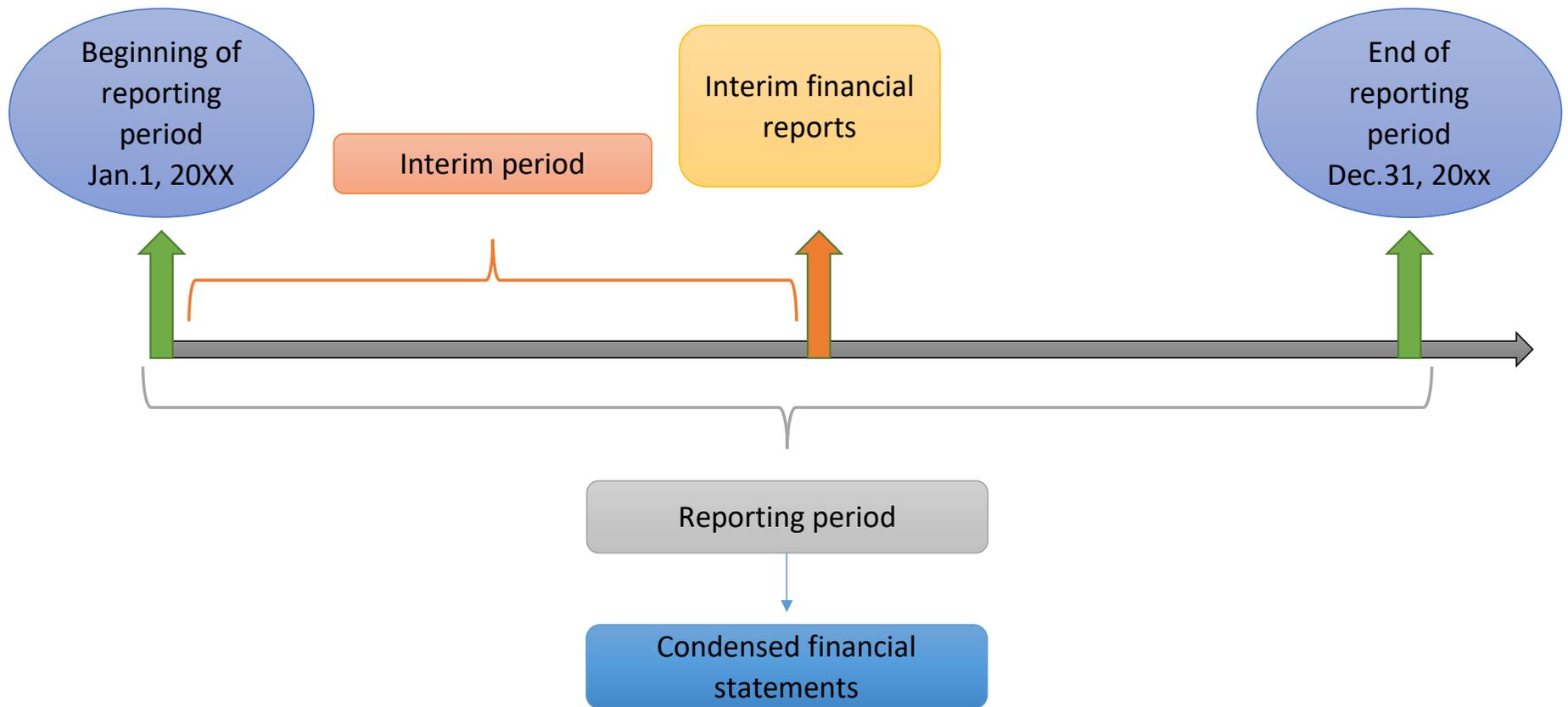
SCOPE AND KEY DEFINITIONS



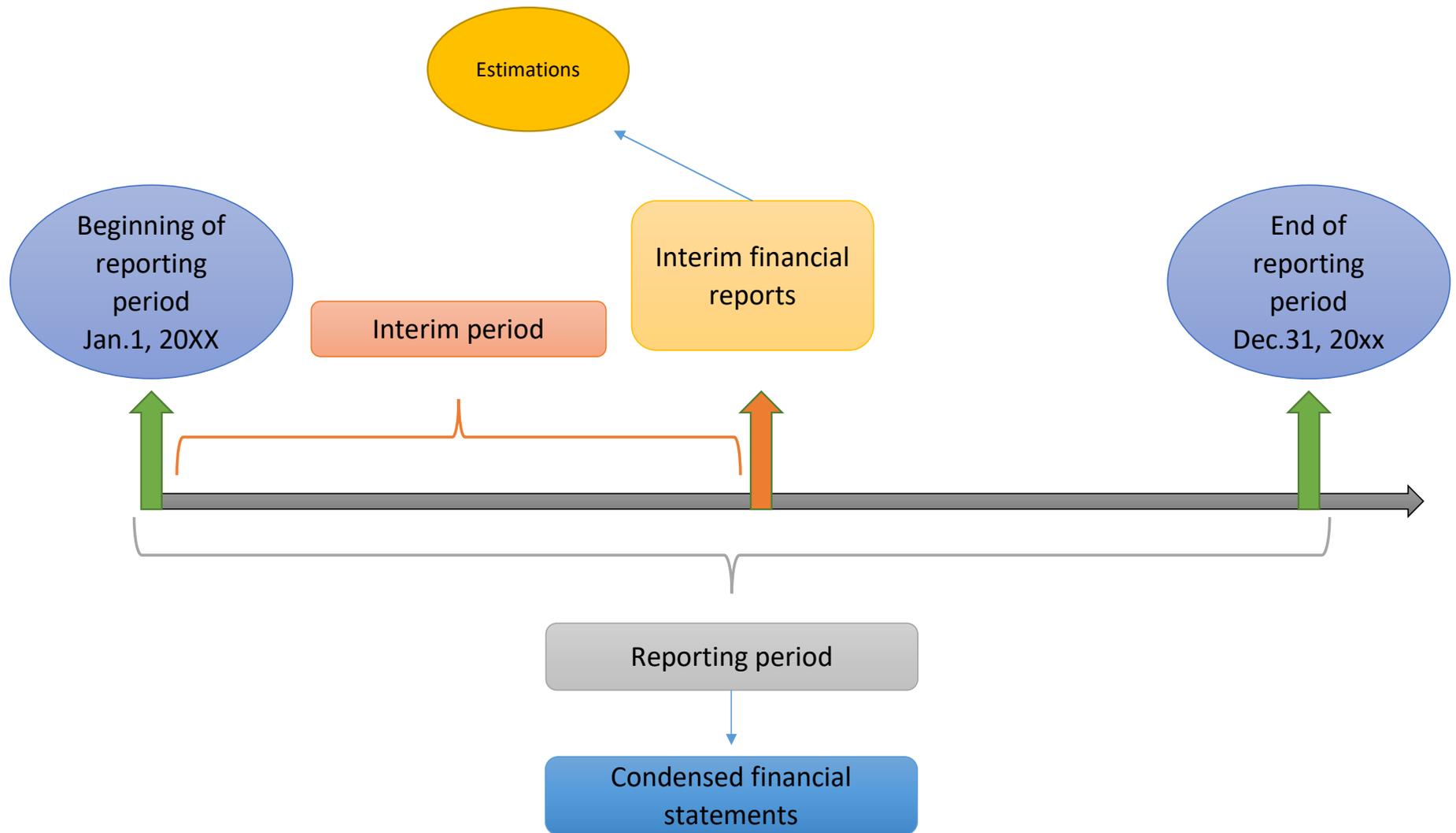
SCOPE AND KEY DEFINITIONS



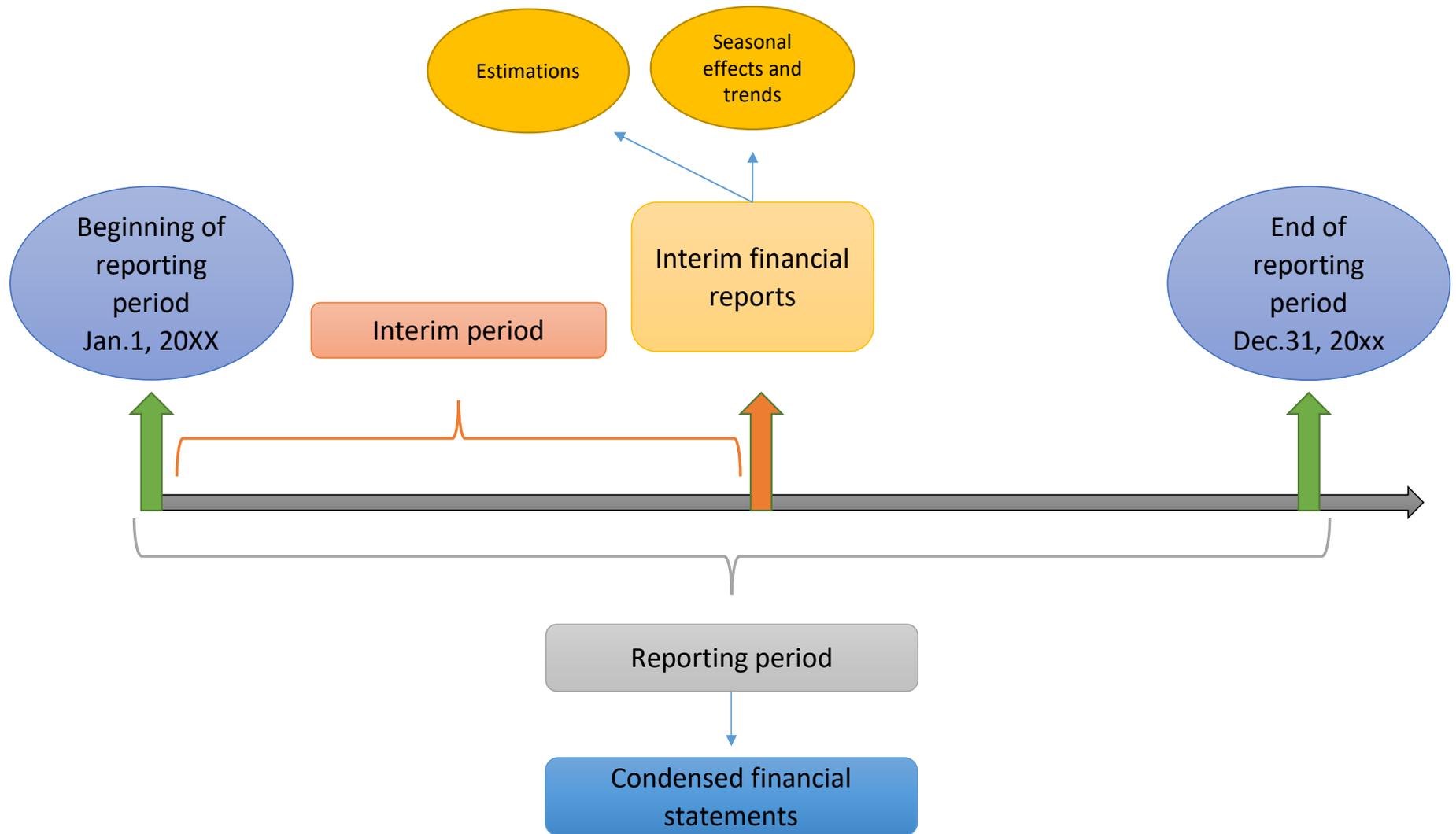
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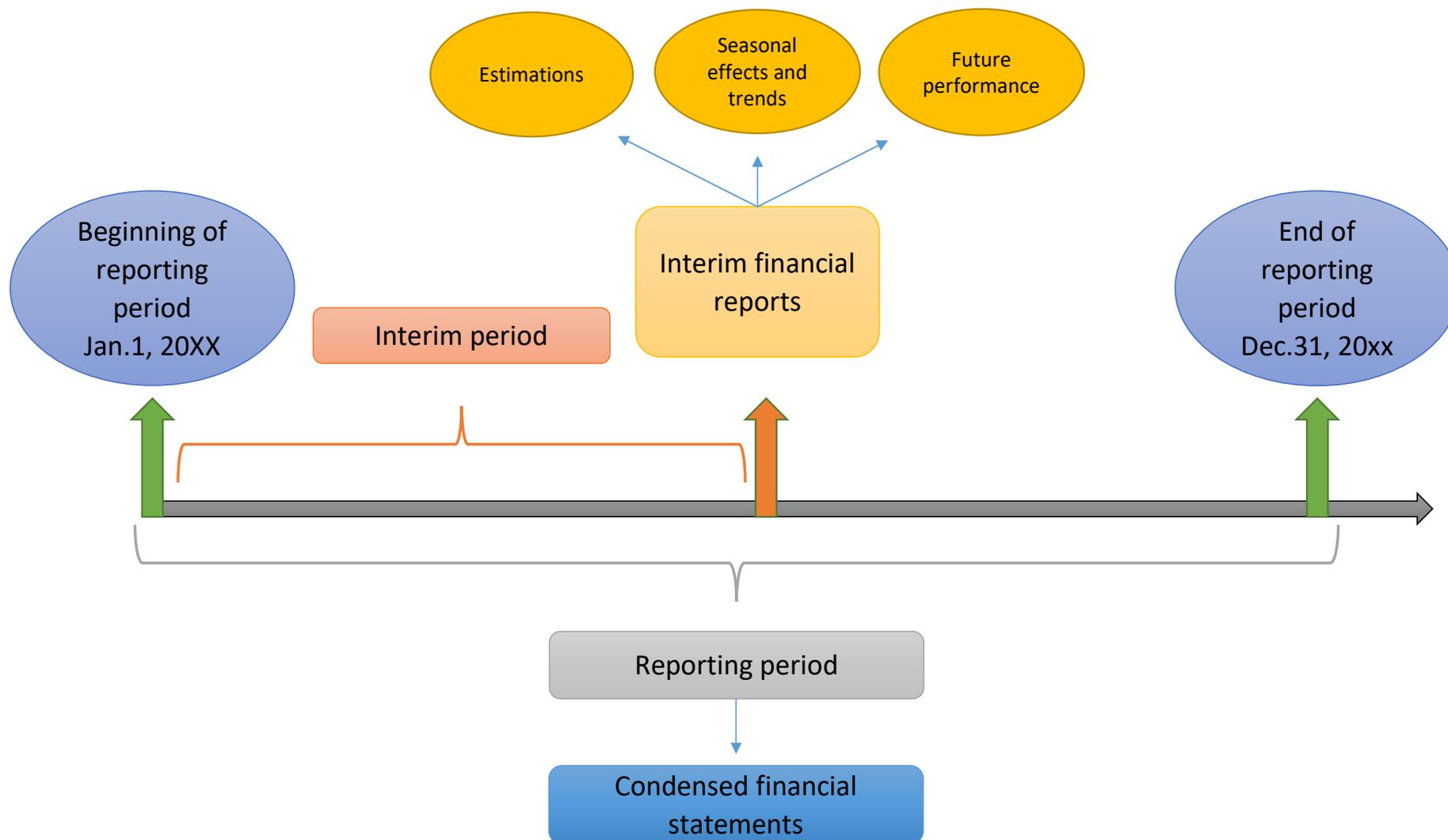
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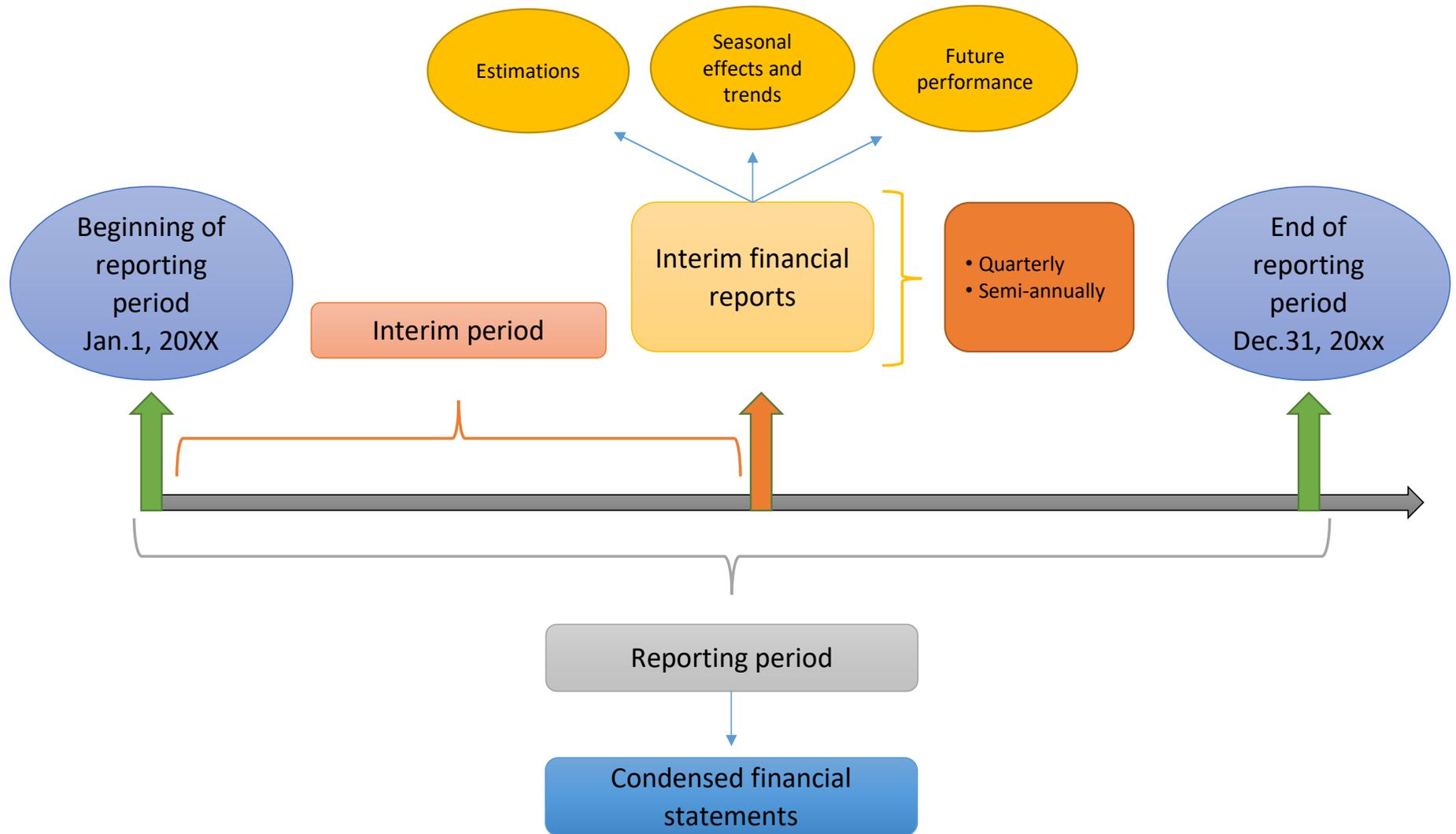
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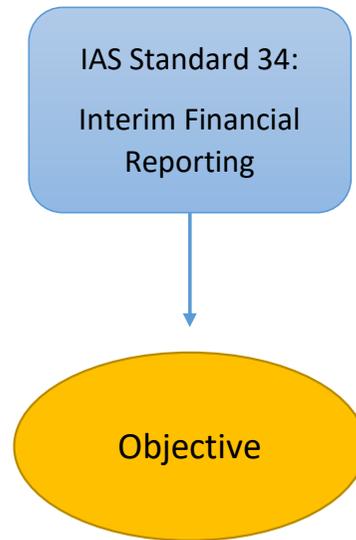
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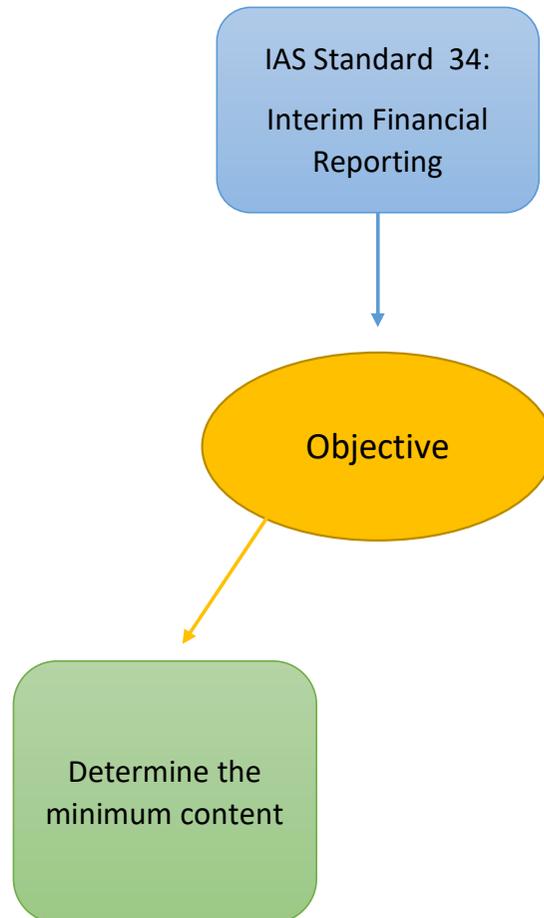
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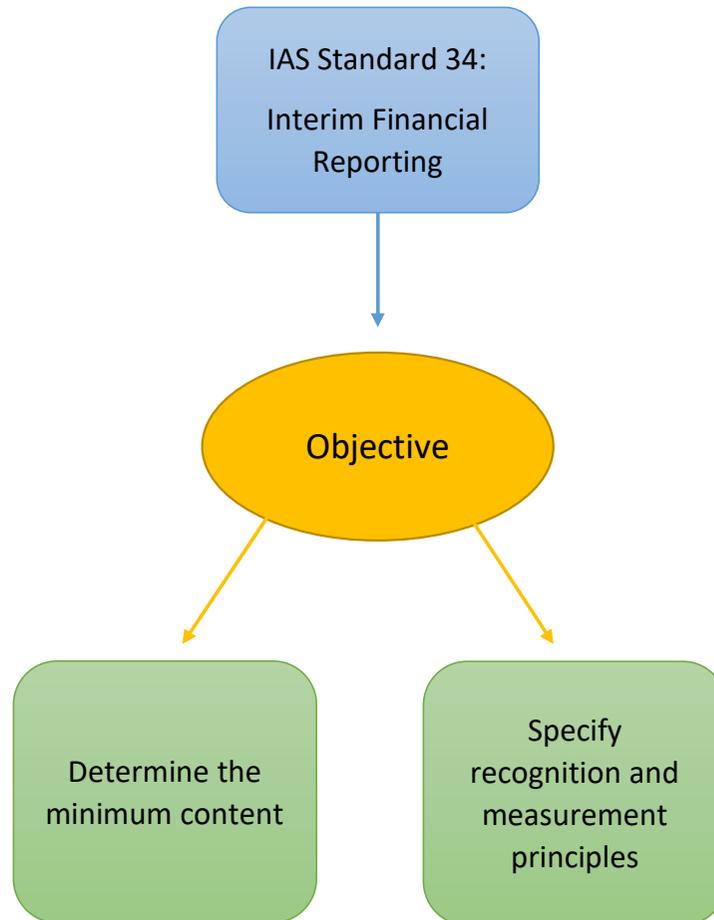
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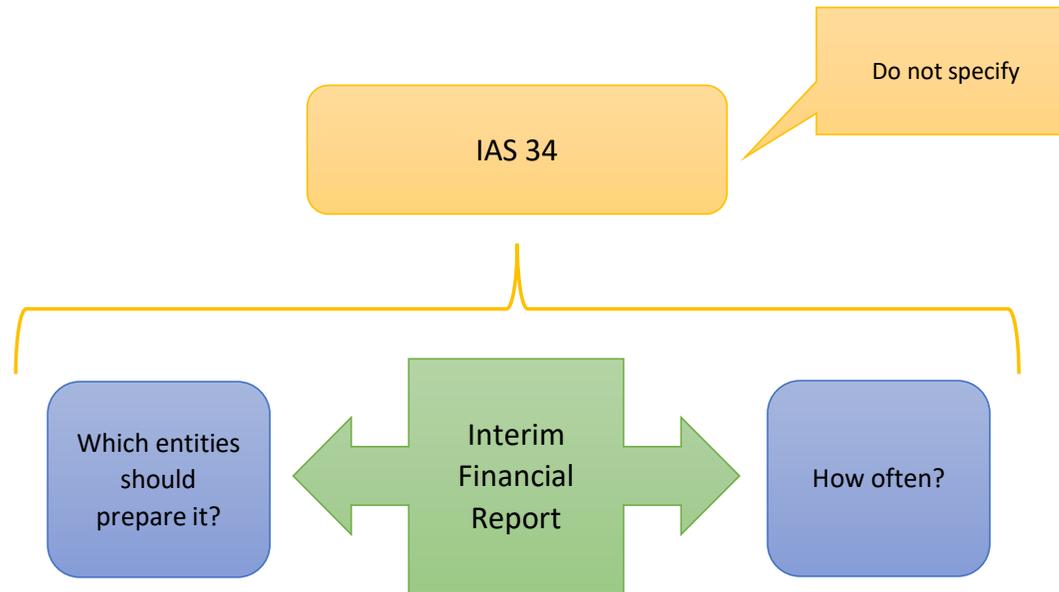
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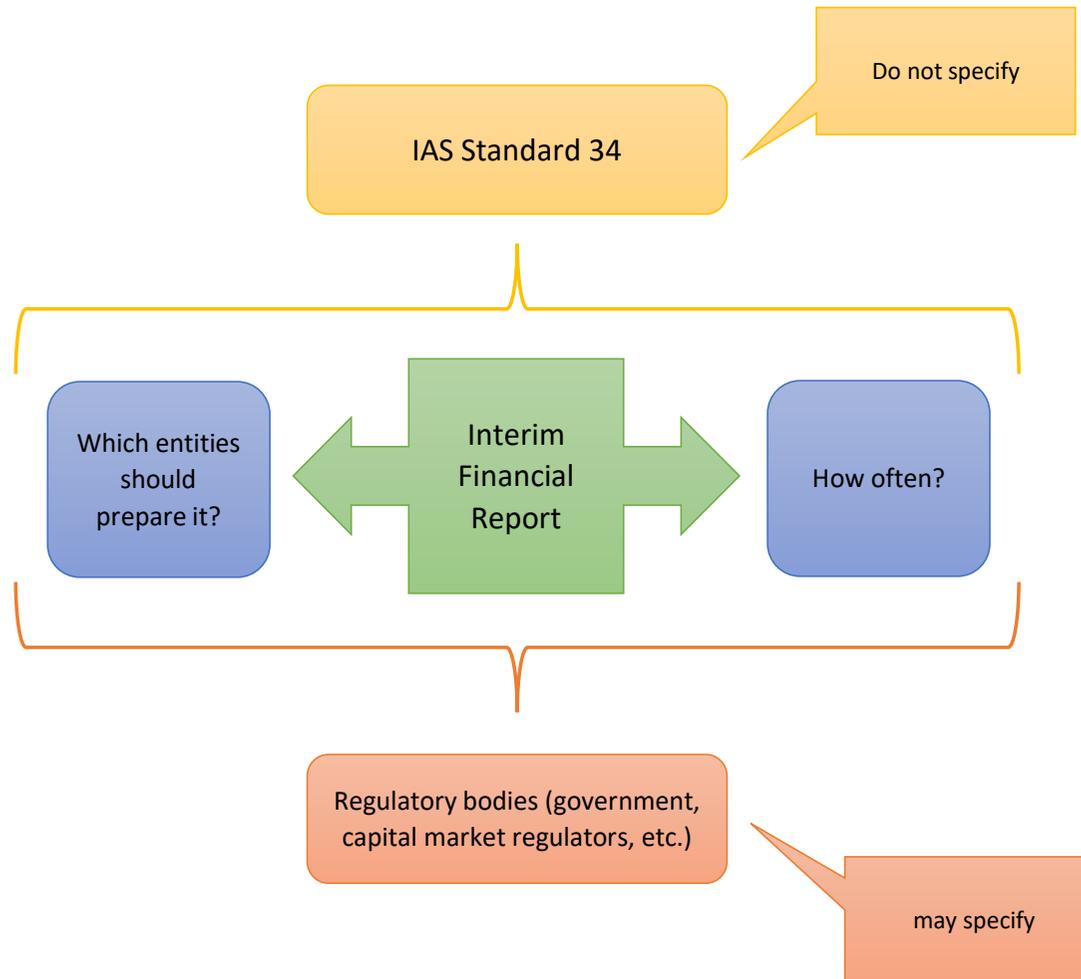
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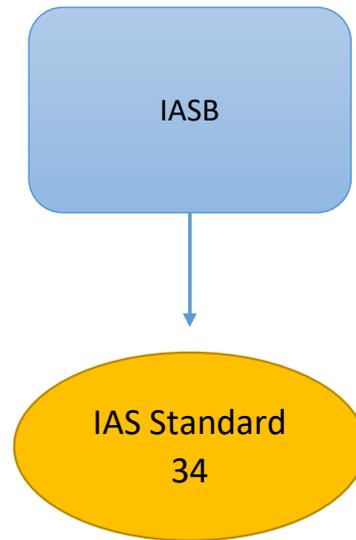
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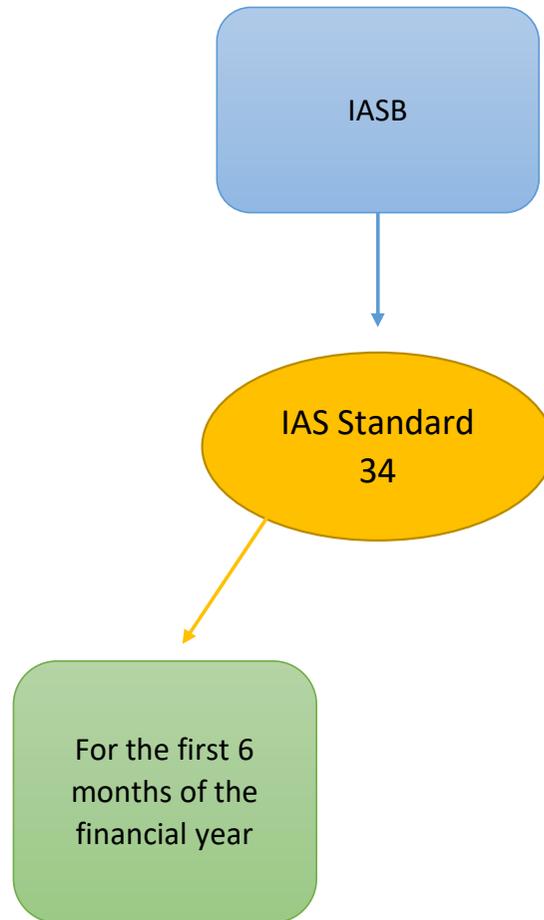
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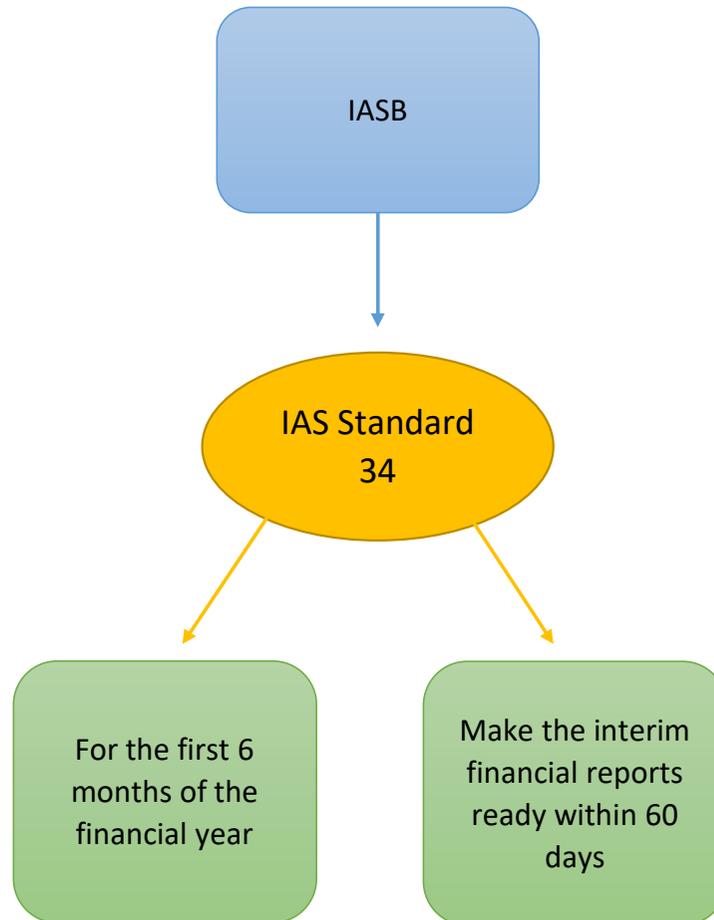
SCOPE AND KEY DEFINITIONS



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SCOPE AND KEY DEFINITIONS



SCOPE AND KEY DEFINITIONS

Interim period

Interim financial
report

SCOPE AND KEY DEFINITIONS



SCOPE AND KEY DEFINITIONS

Interim period

- a financial reporting period that is less than one financial year

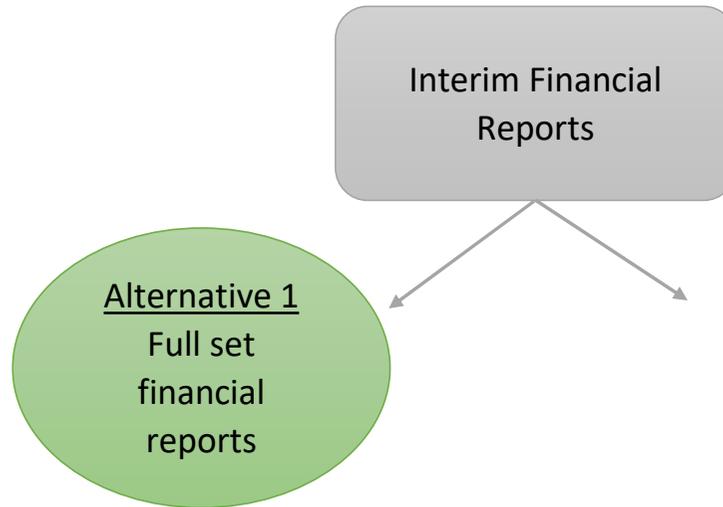
Interim financial report

- either the full set of financial reports prepared for the interim period (in accordance with the IAS Standard 1 revised in 2007) or the condensed financial reports prepared in accordance with the IAS Standard 34.

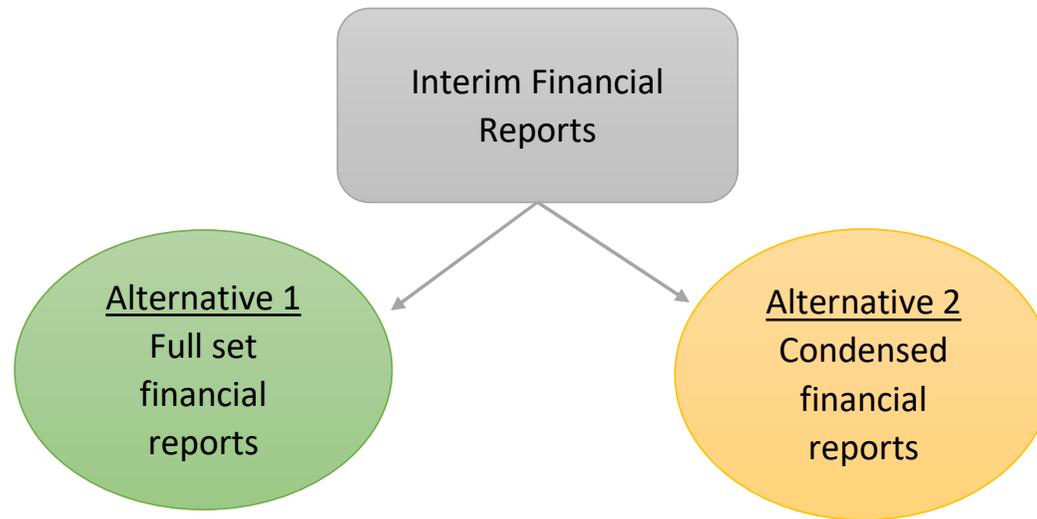
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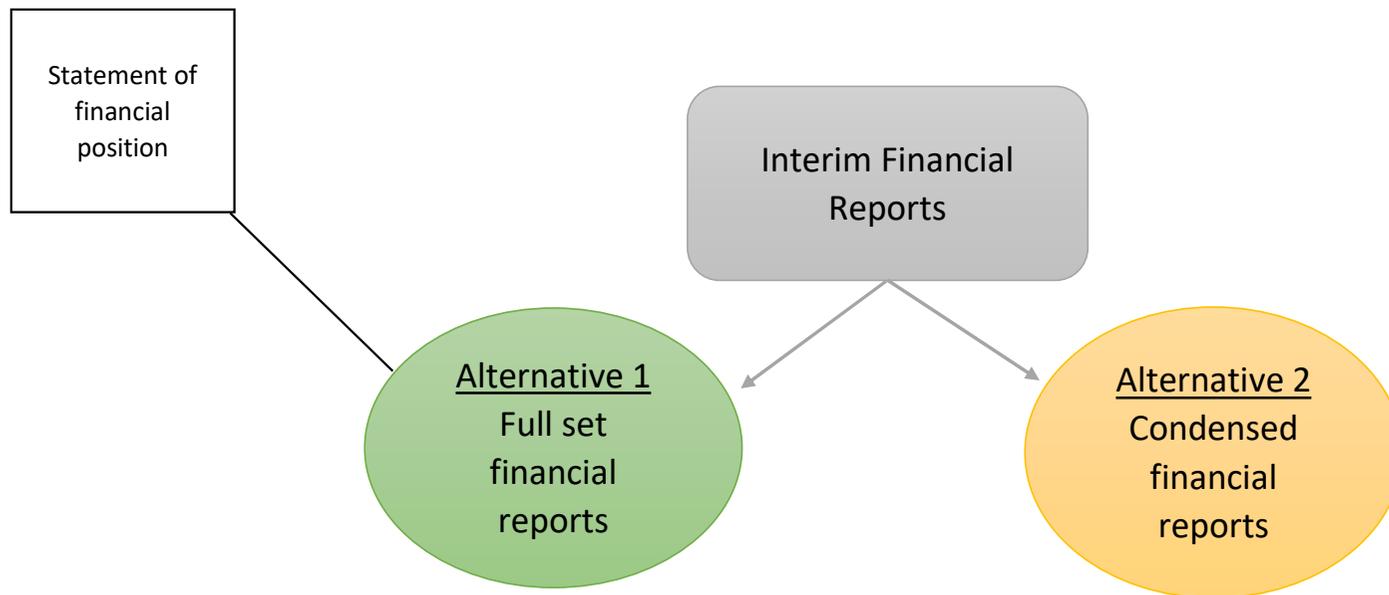
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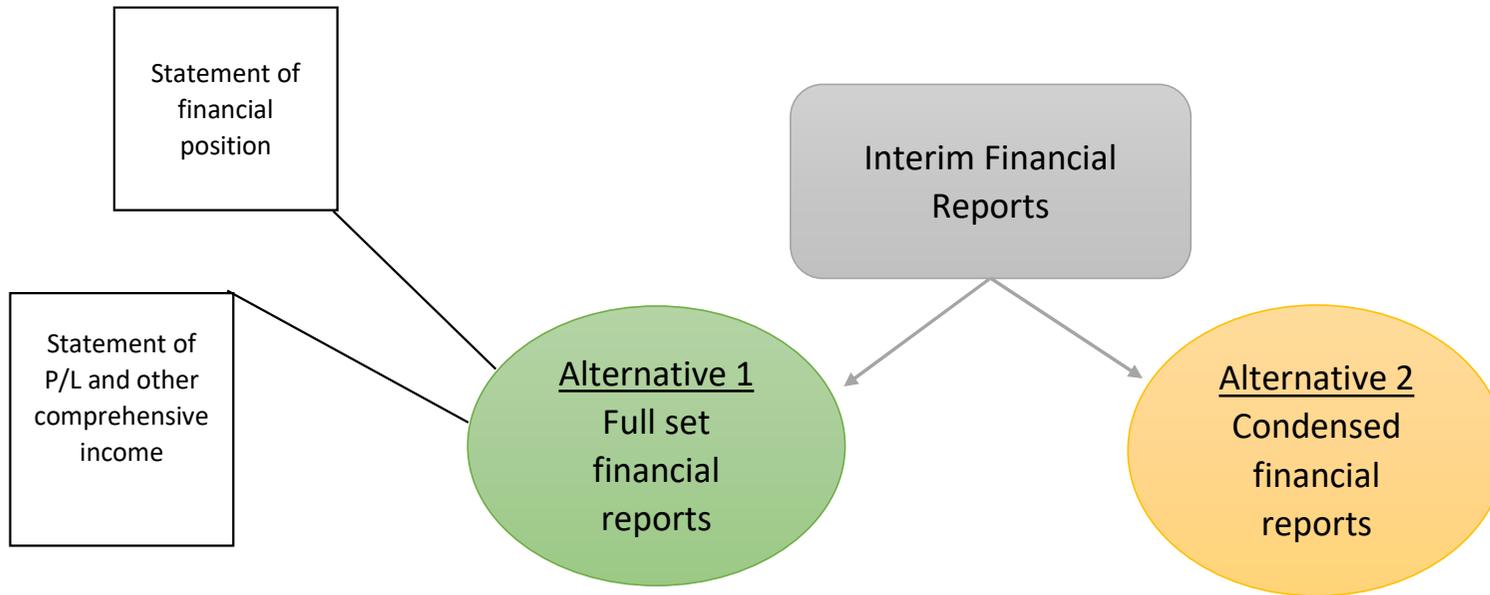
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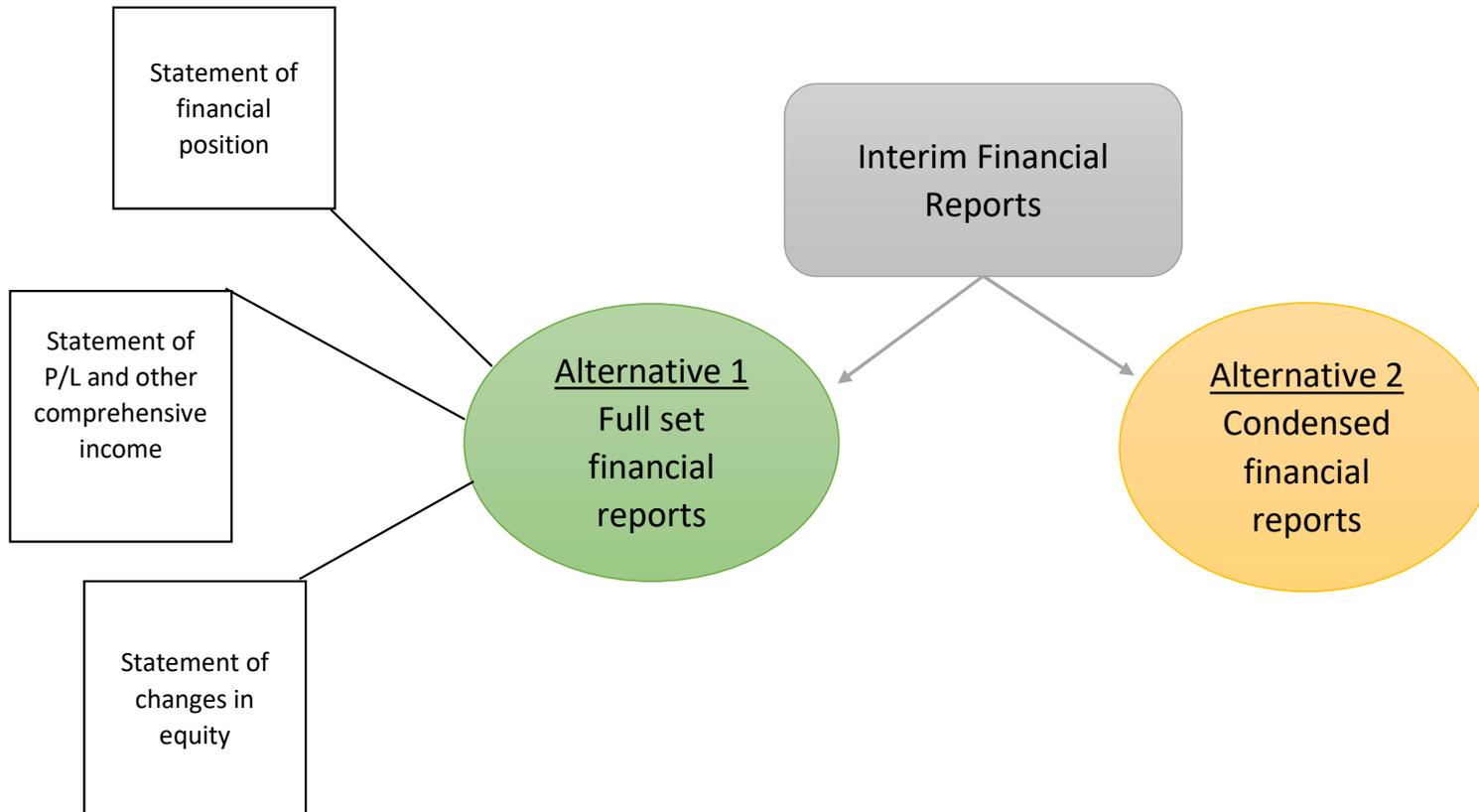
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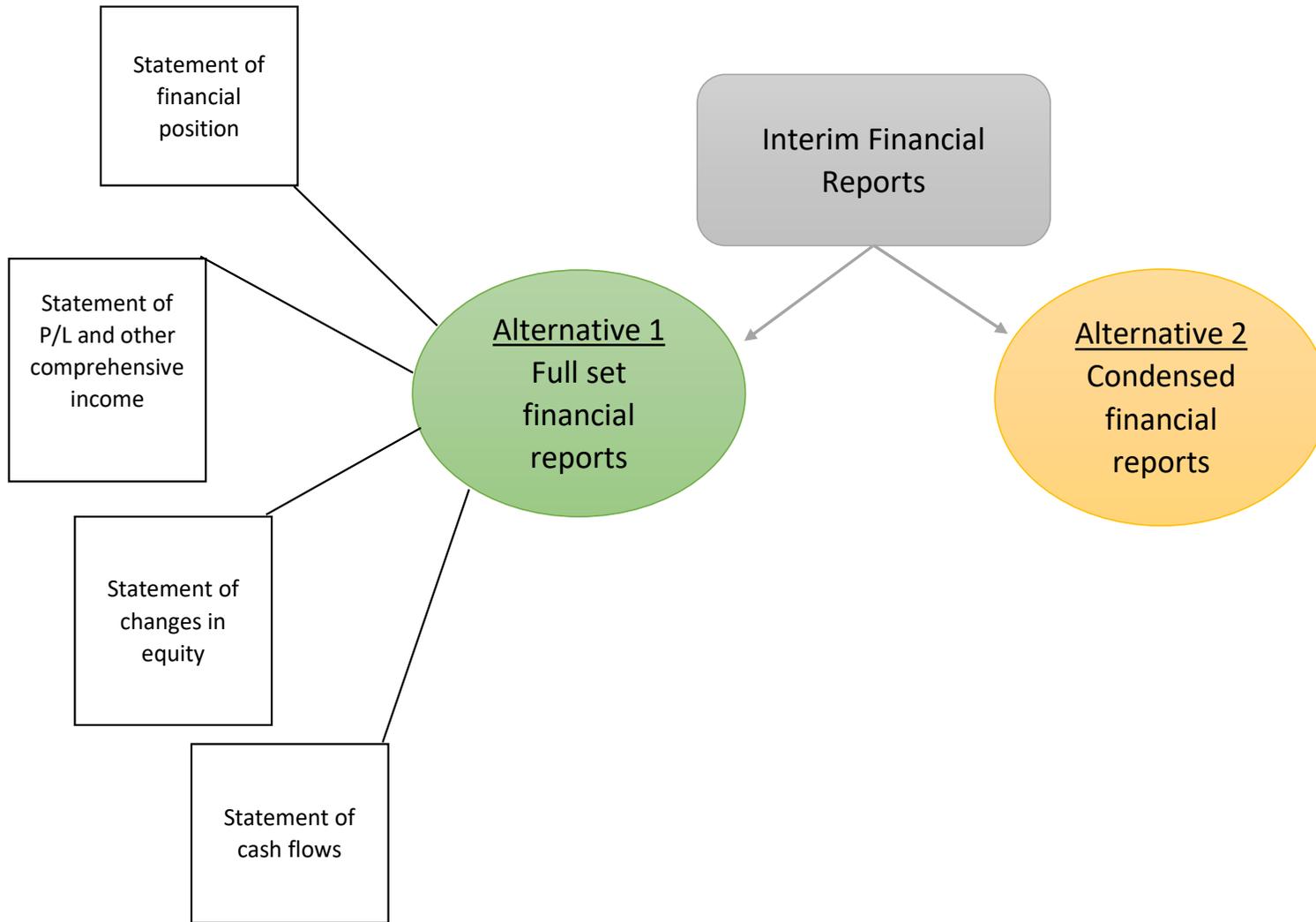
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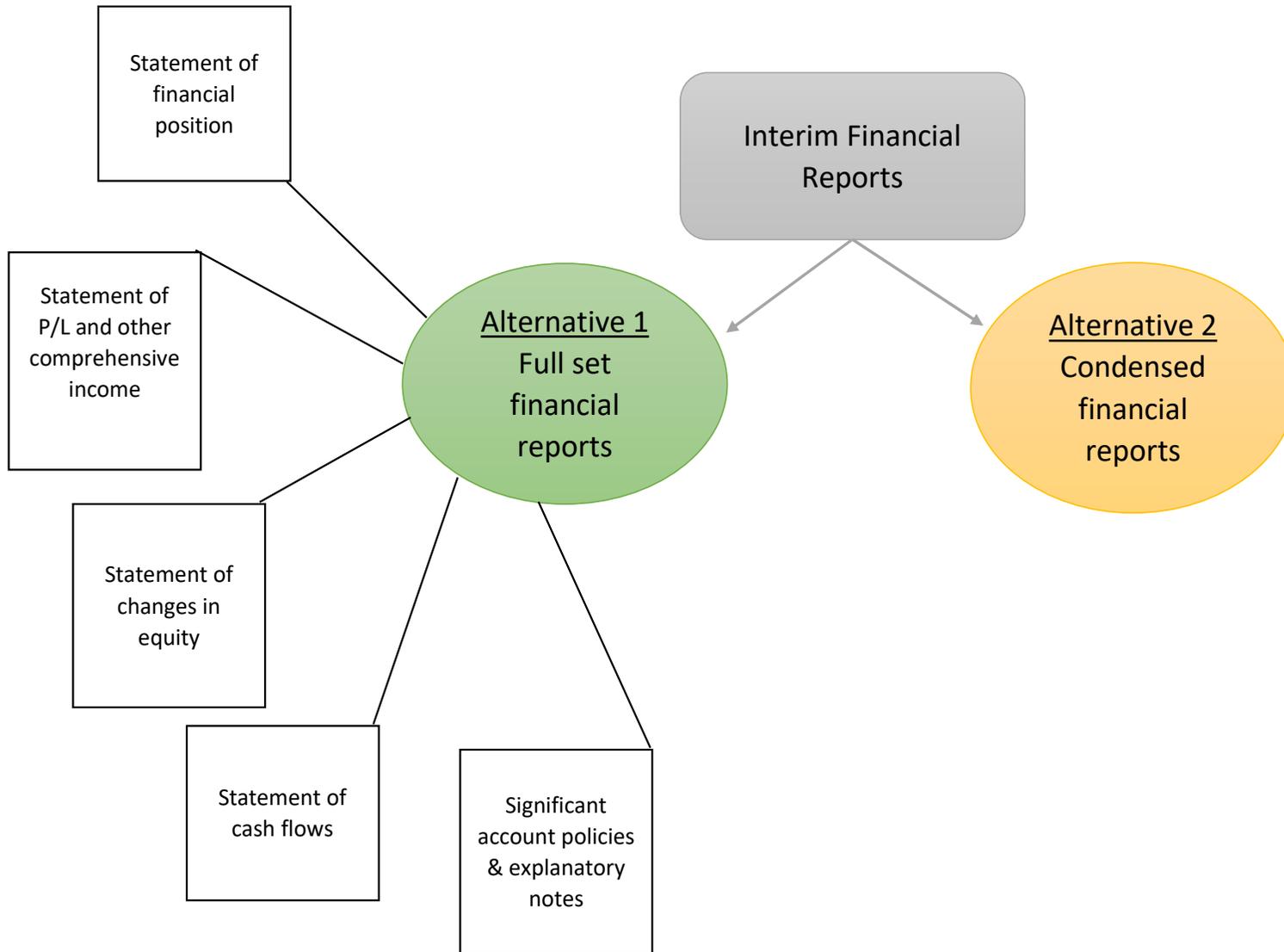
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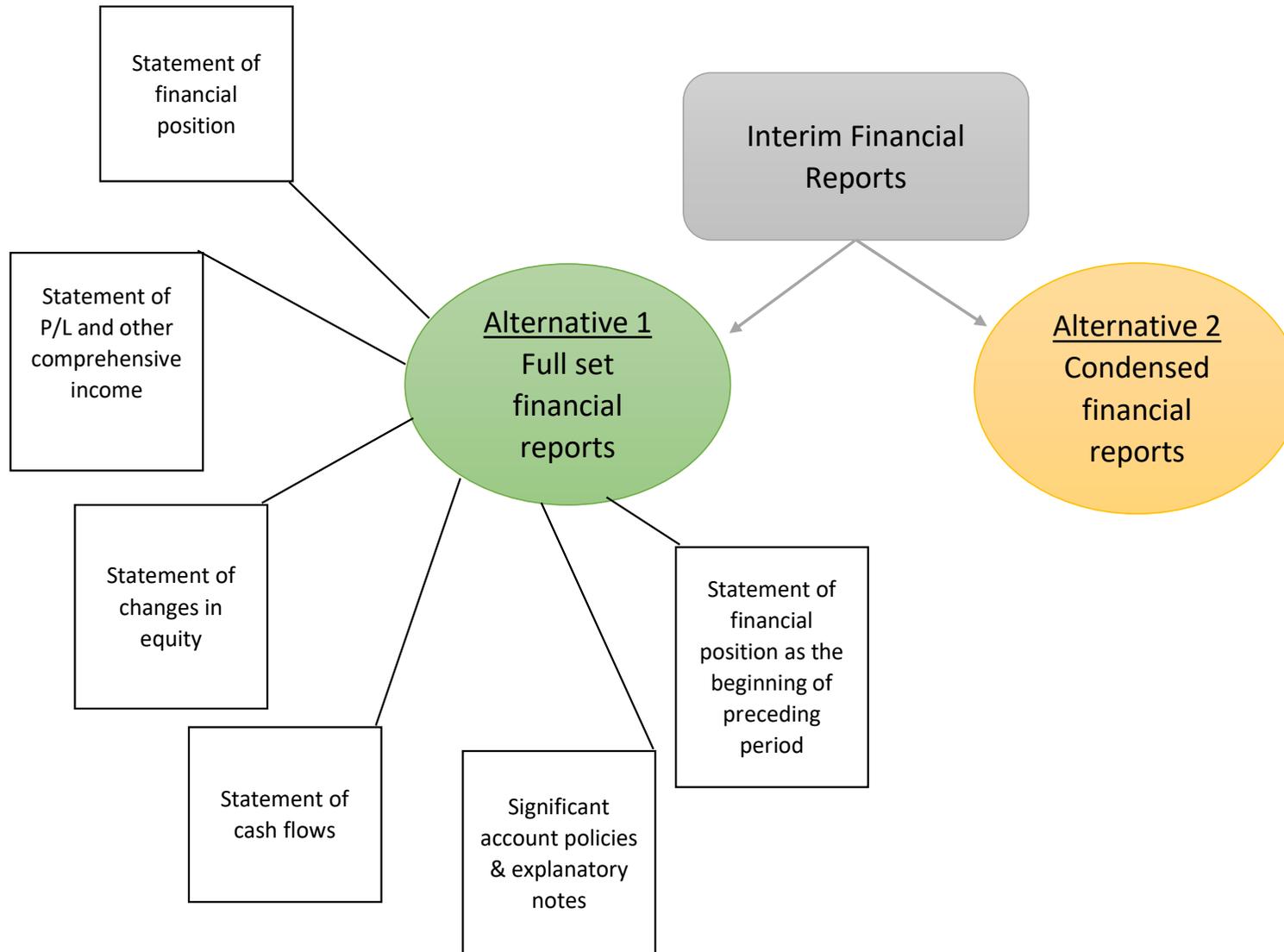
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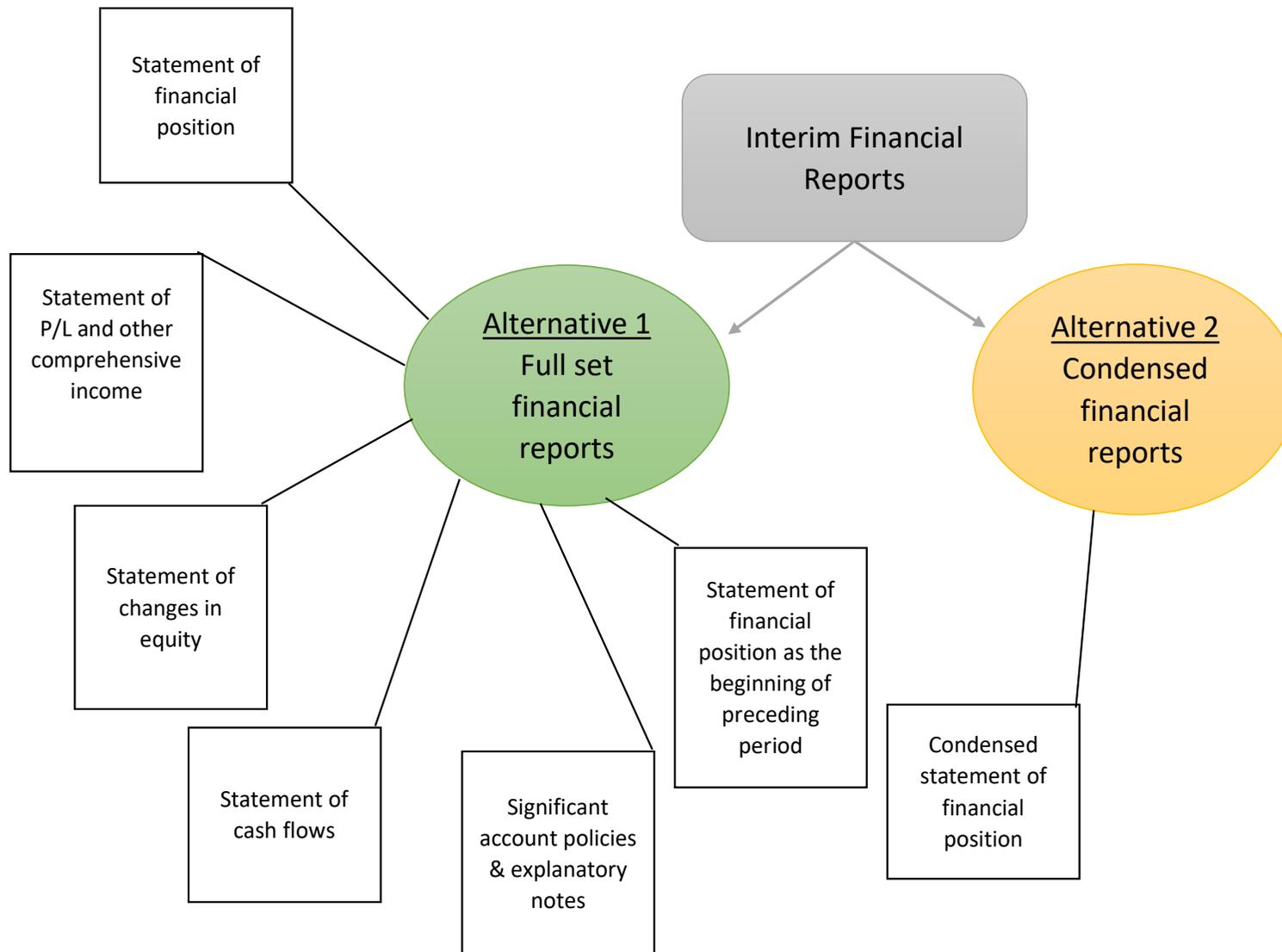
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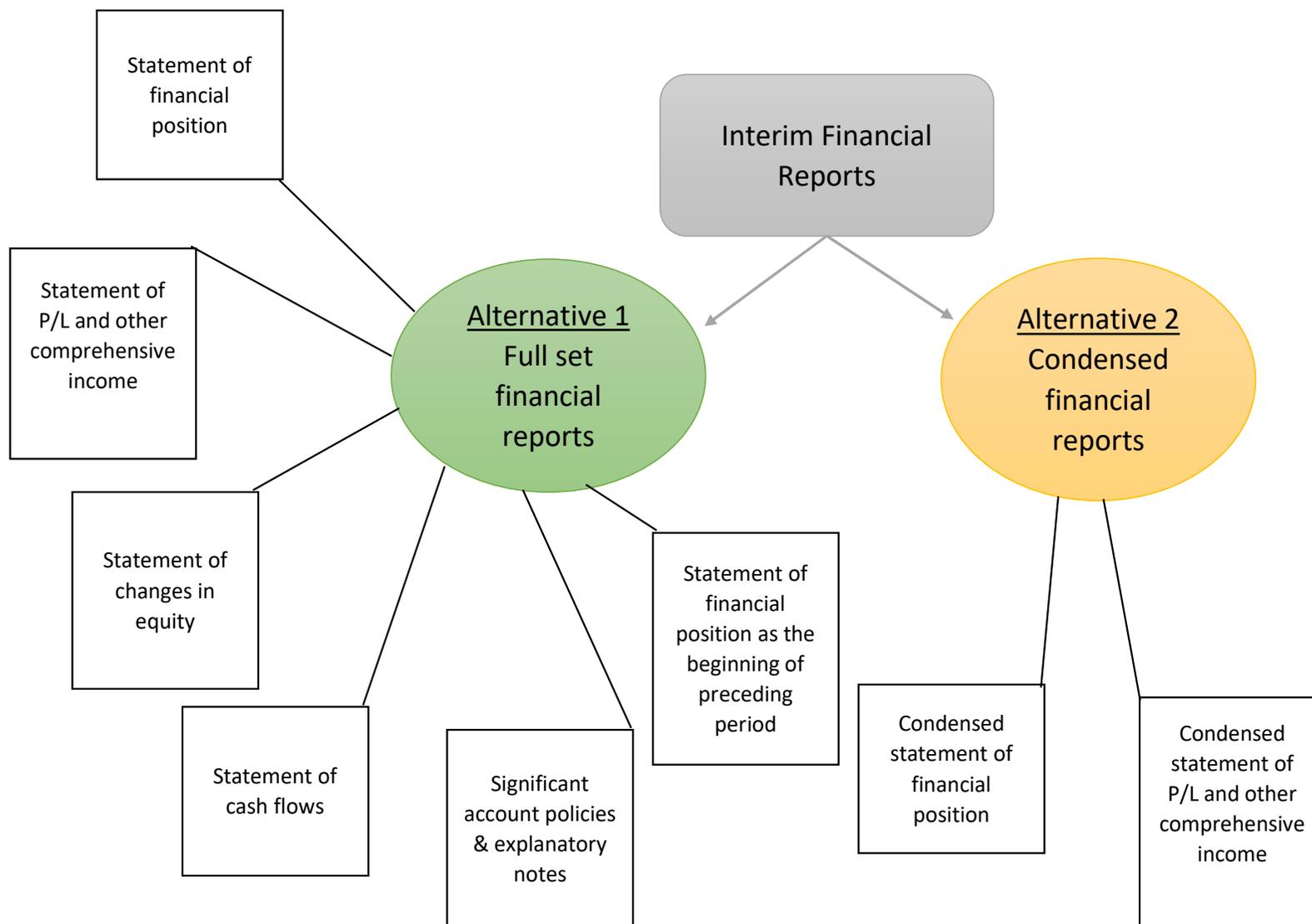
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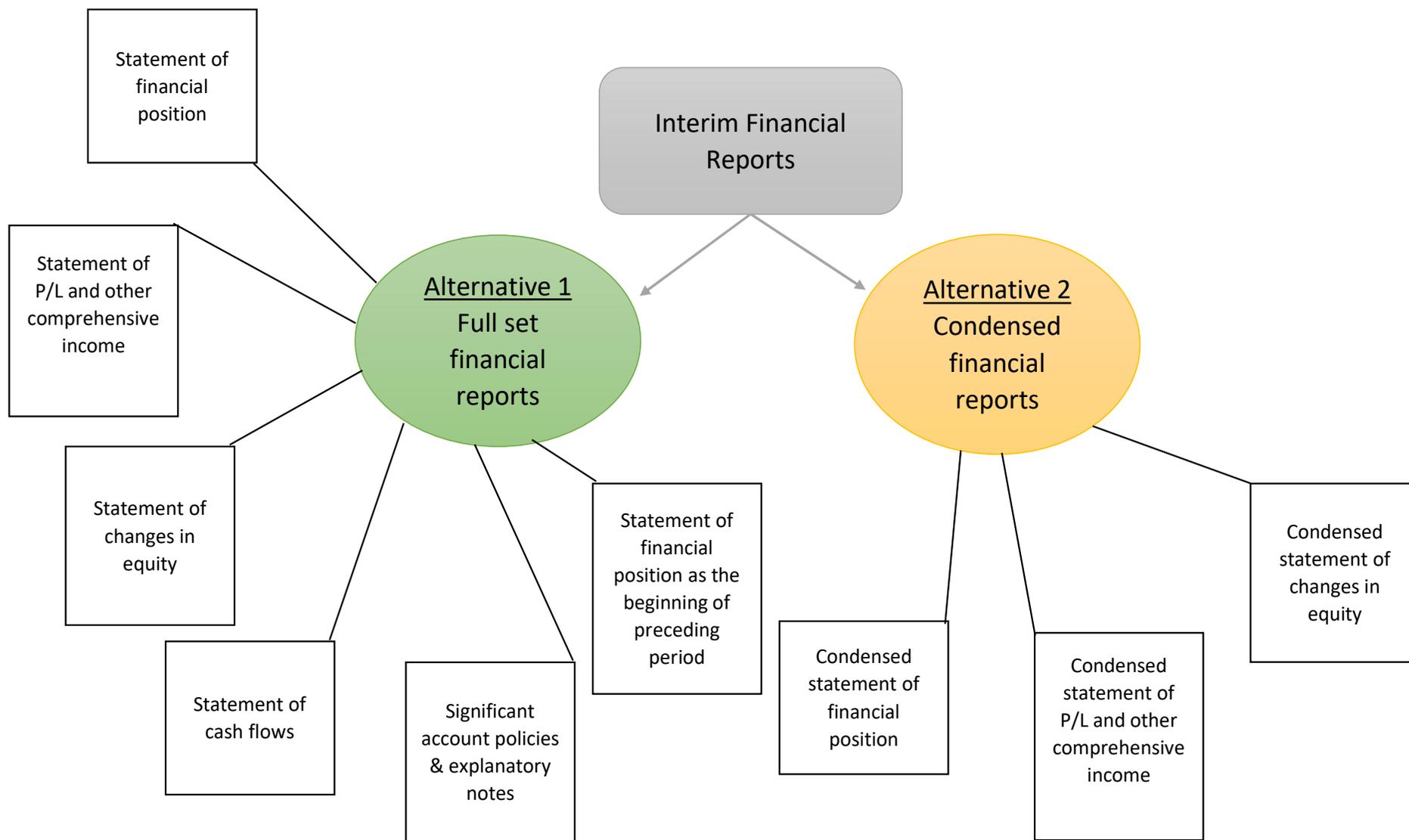
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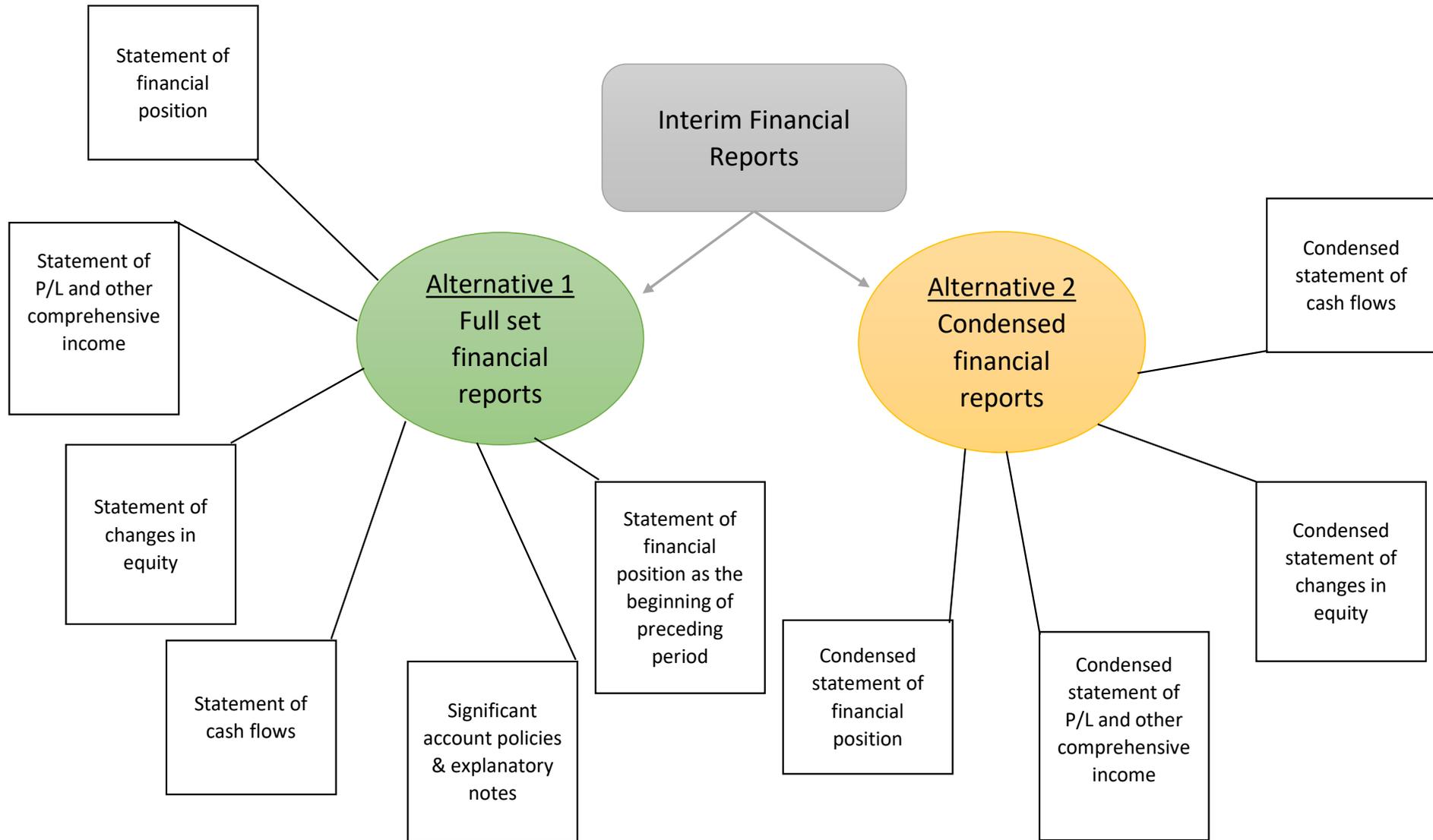
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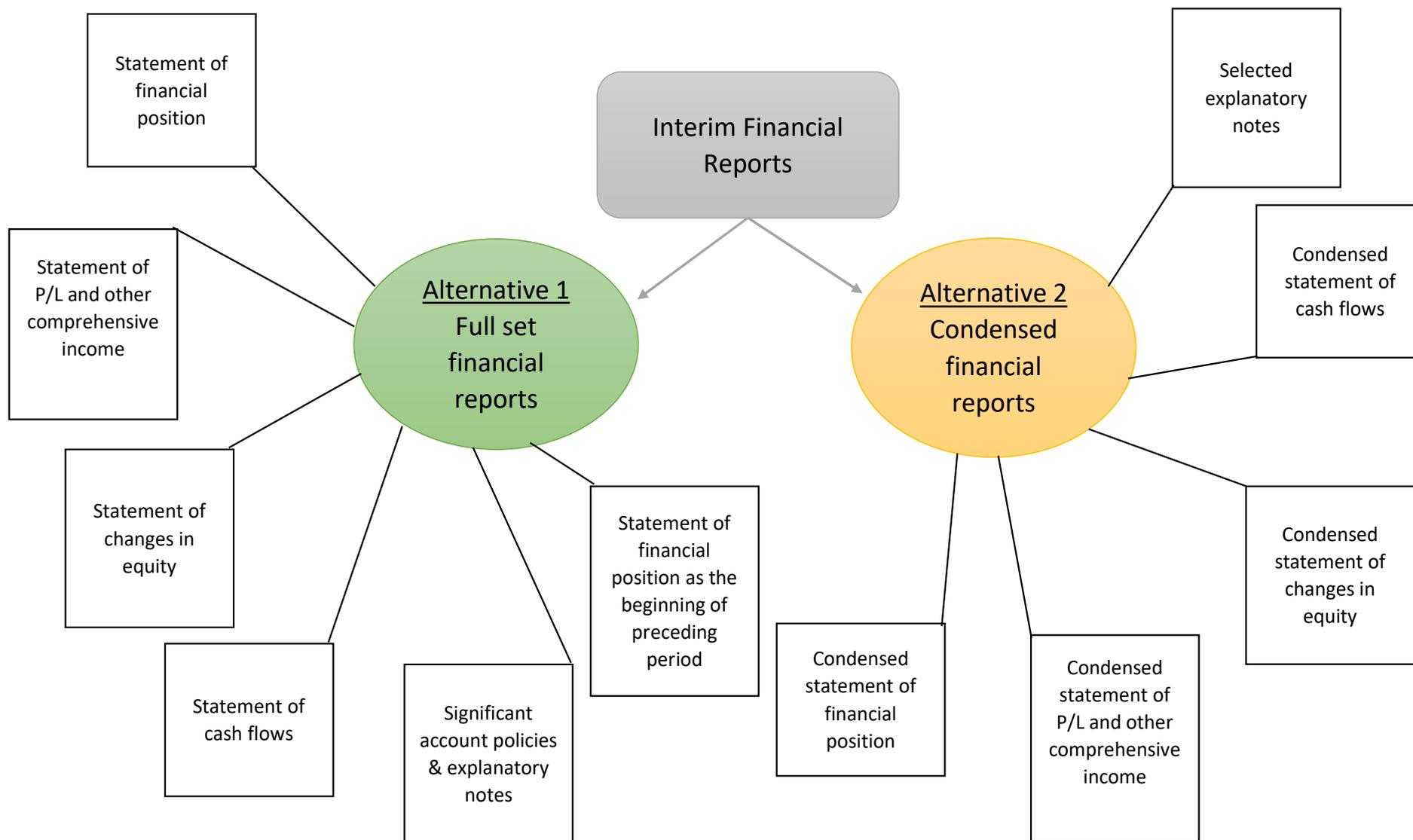
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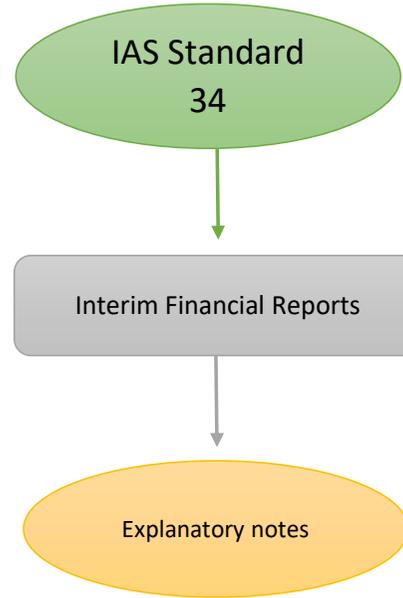
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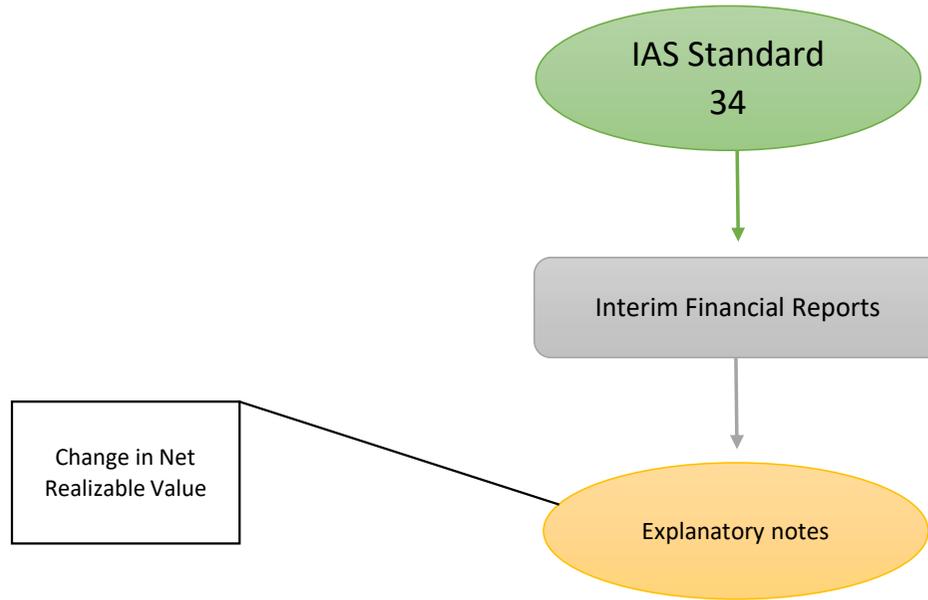
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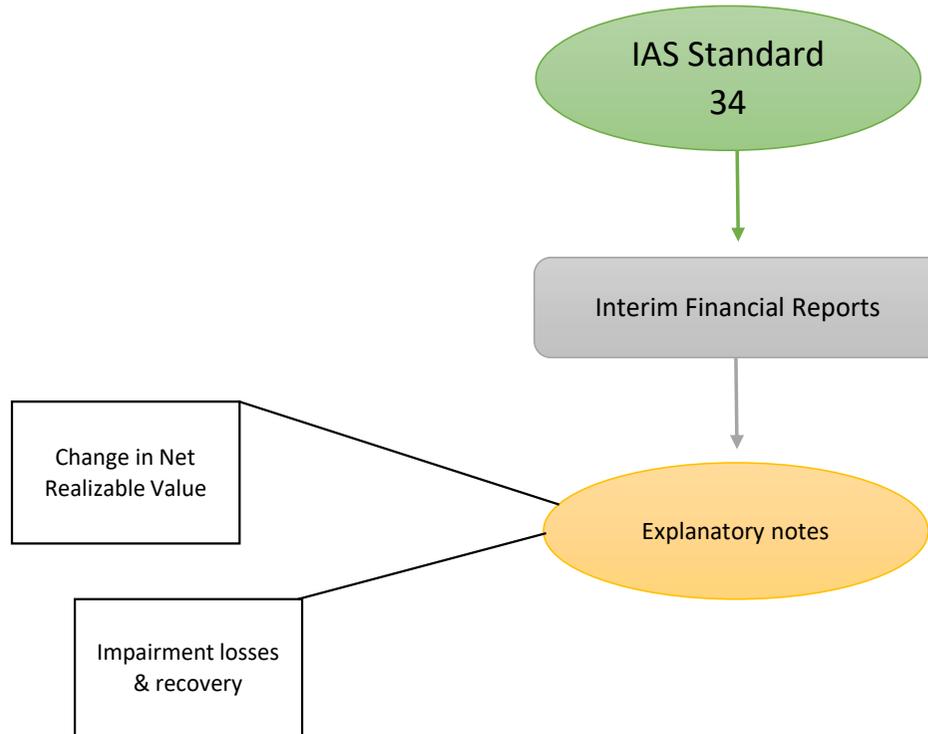
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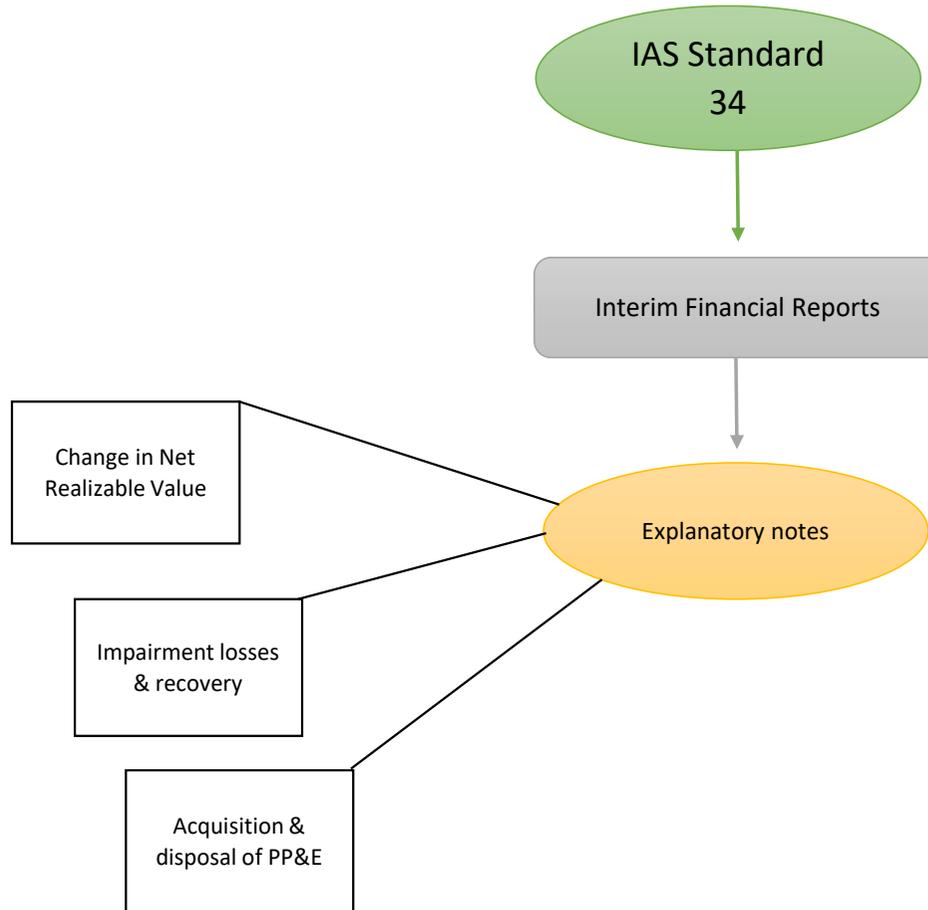
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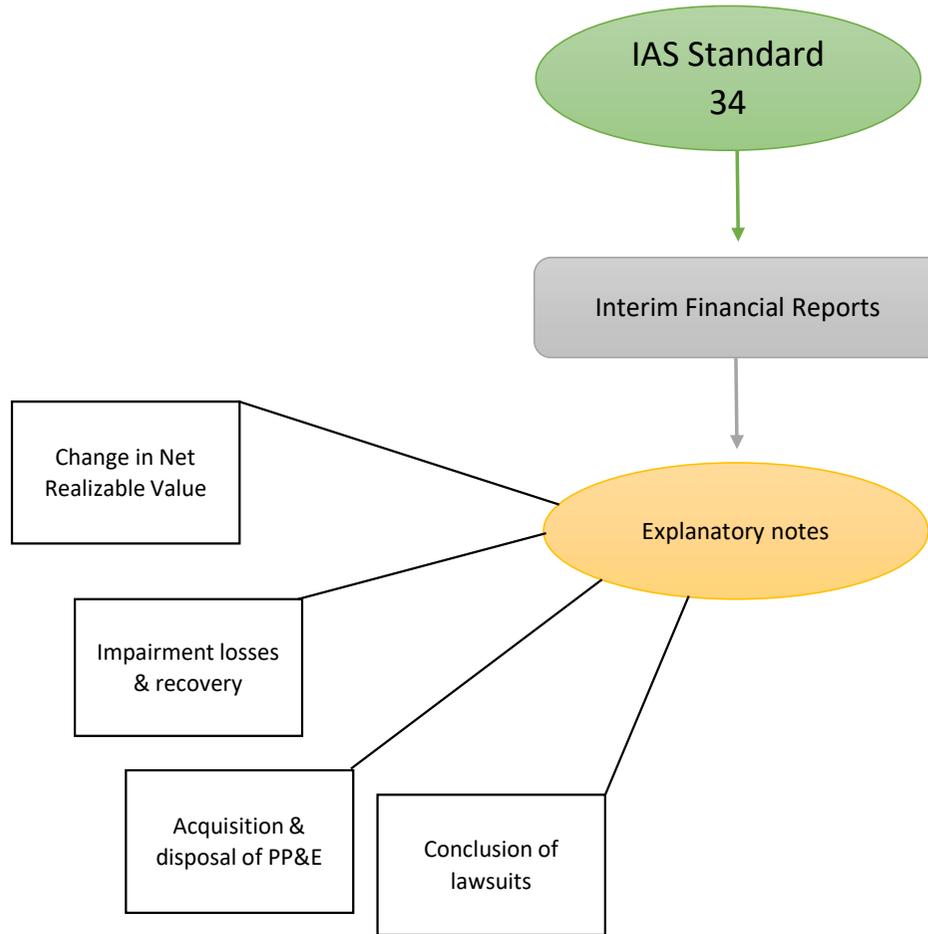
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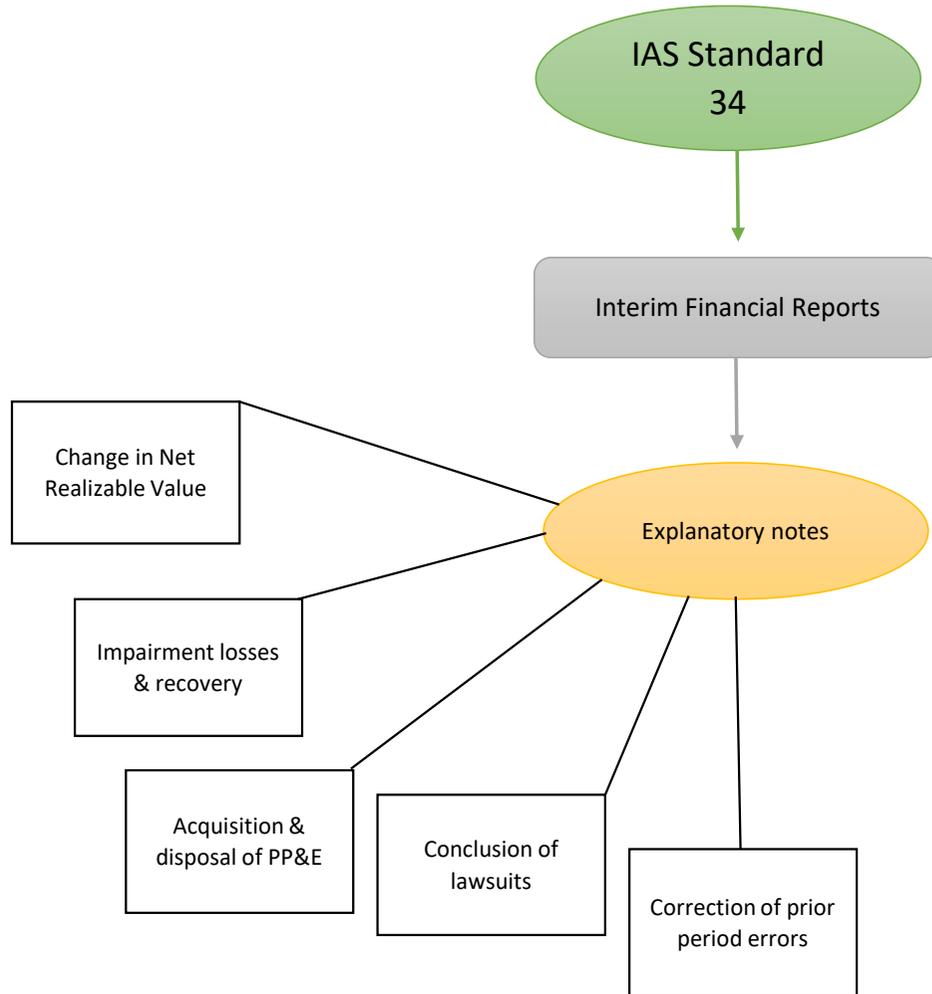
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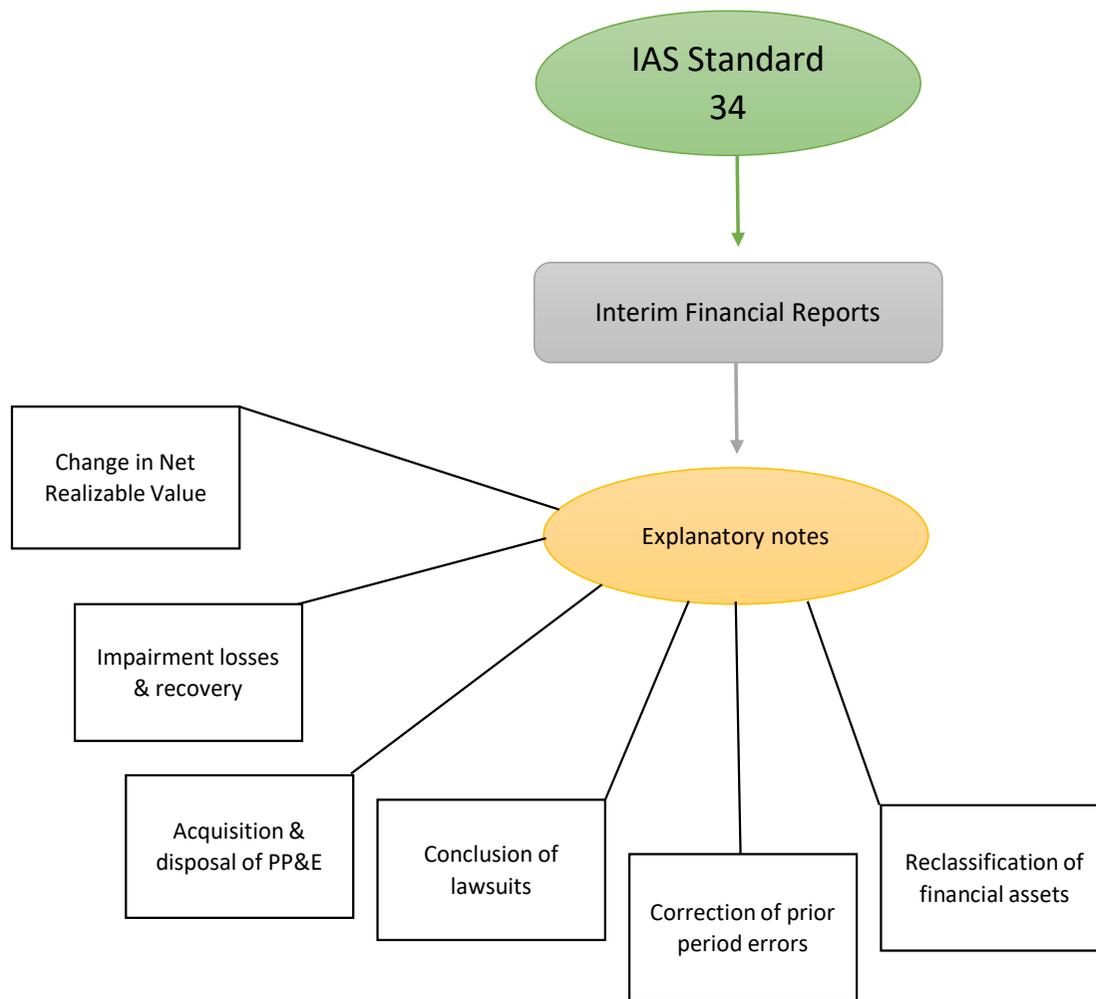
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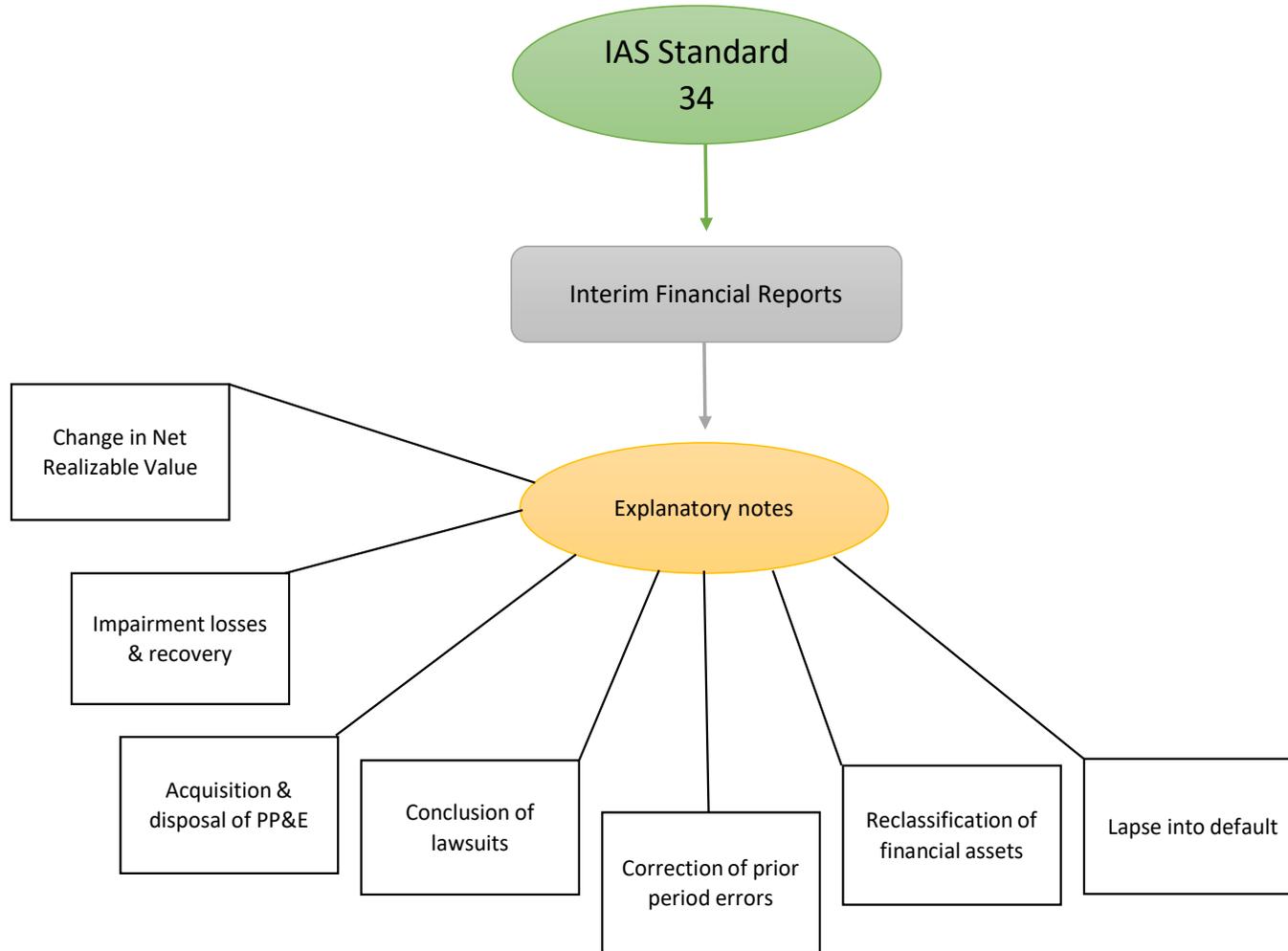
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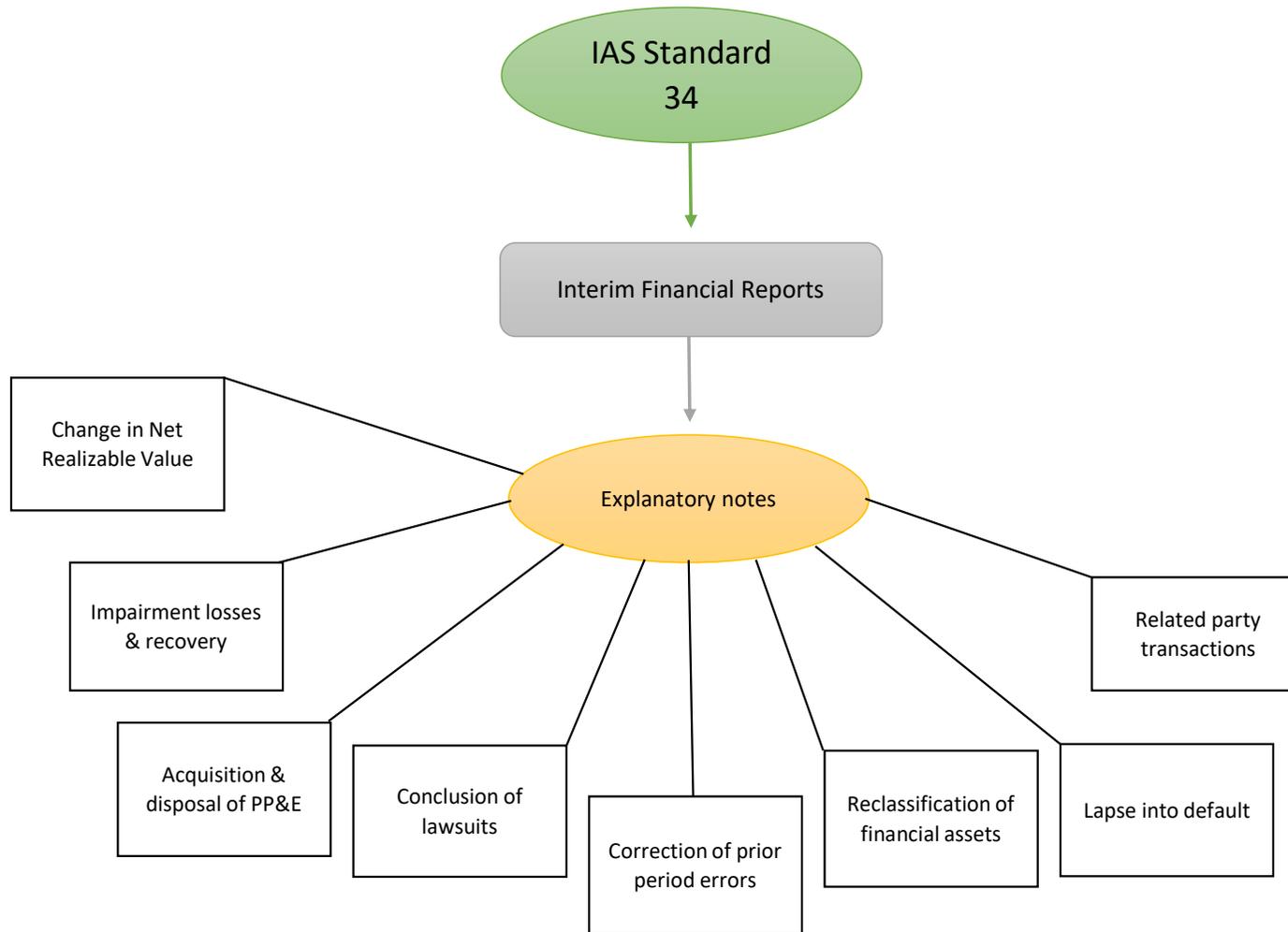
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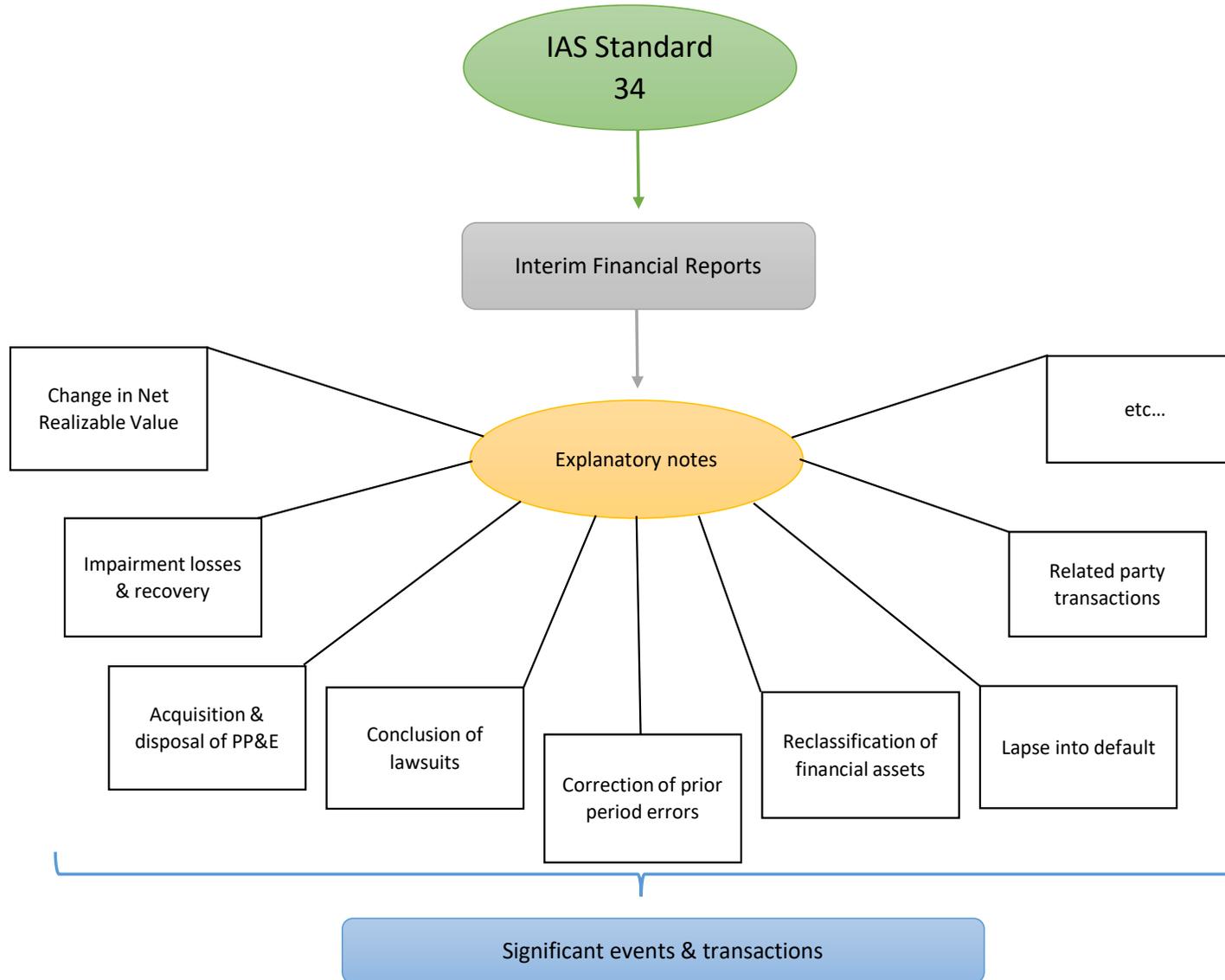
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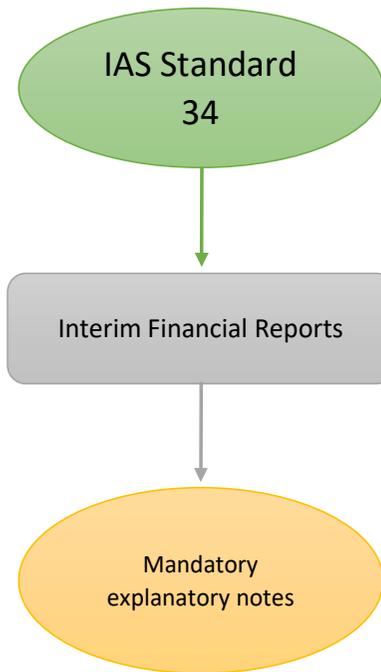
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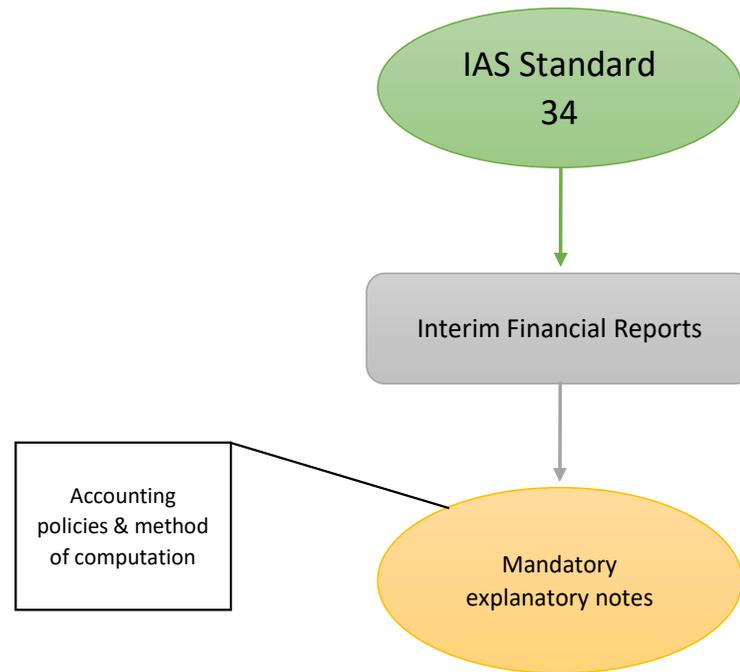
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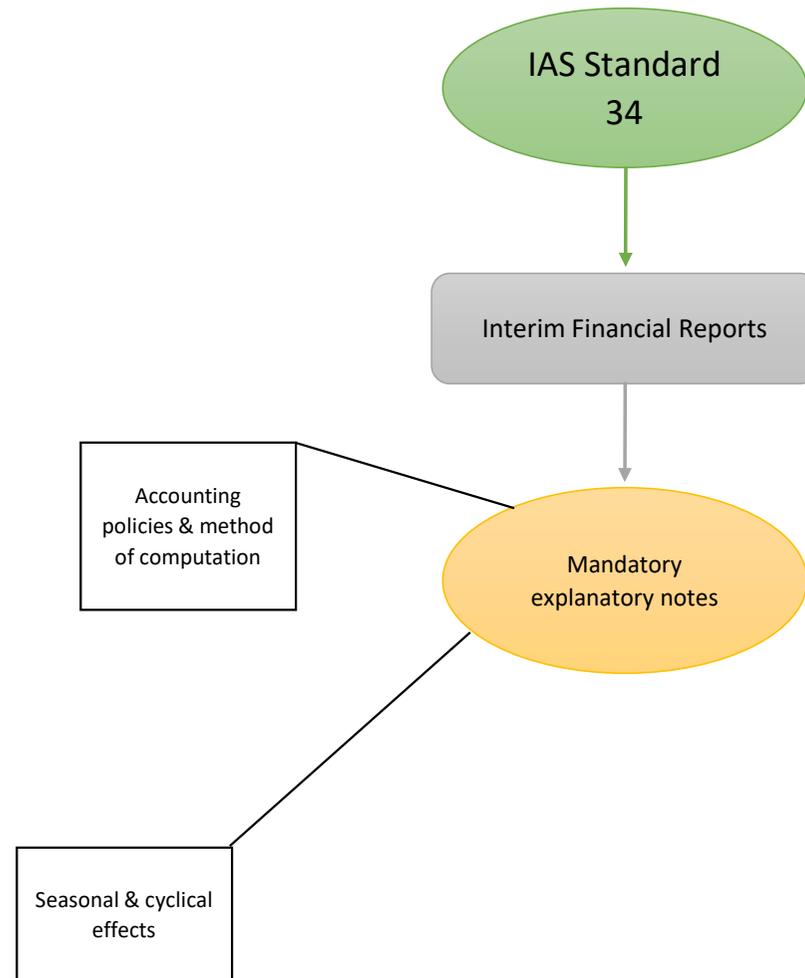
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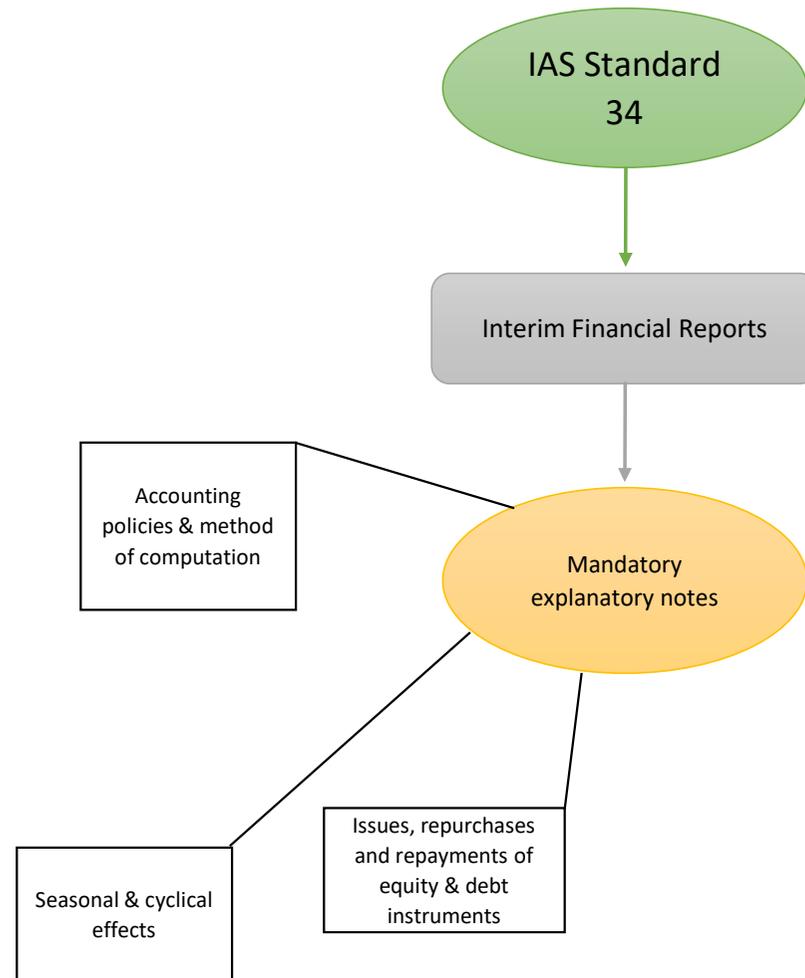
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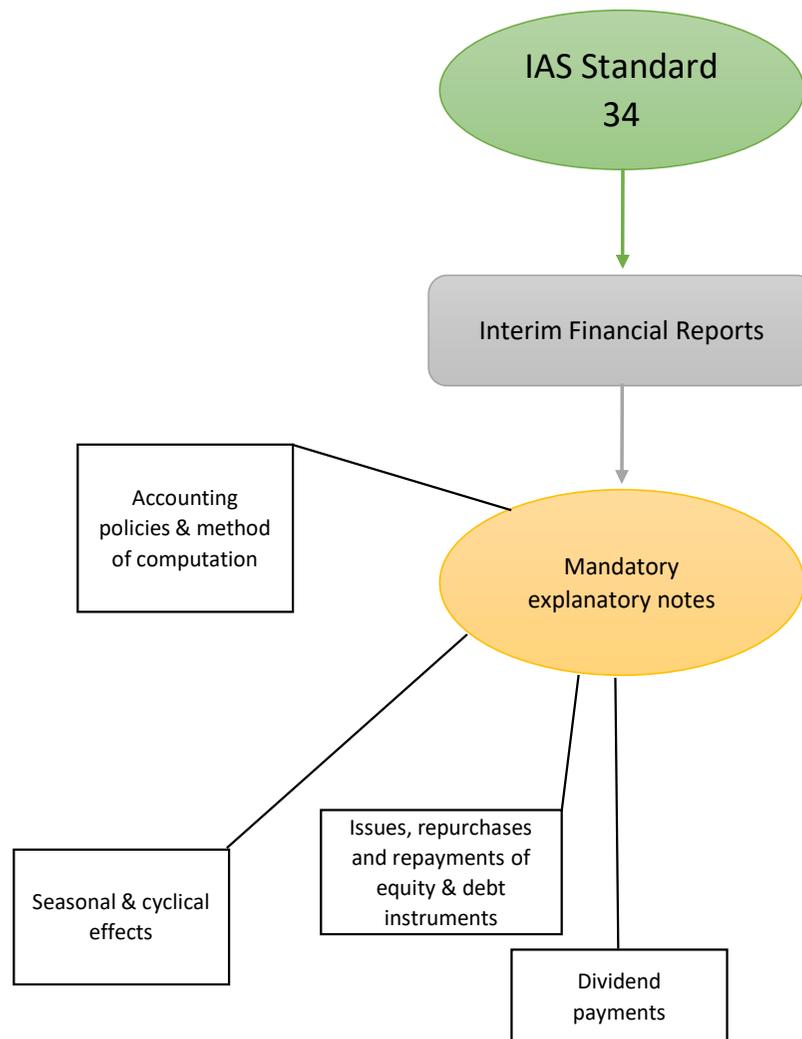
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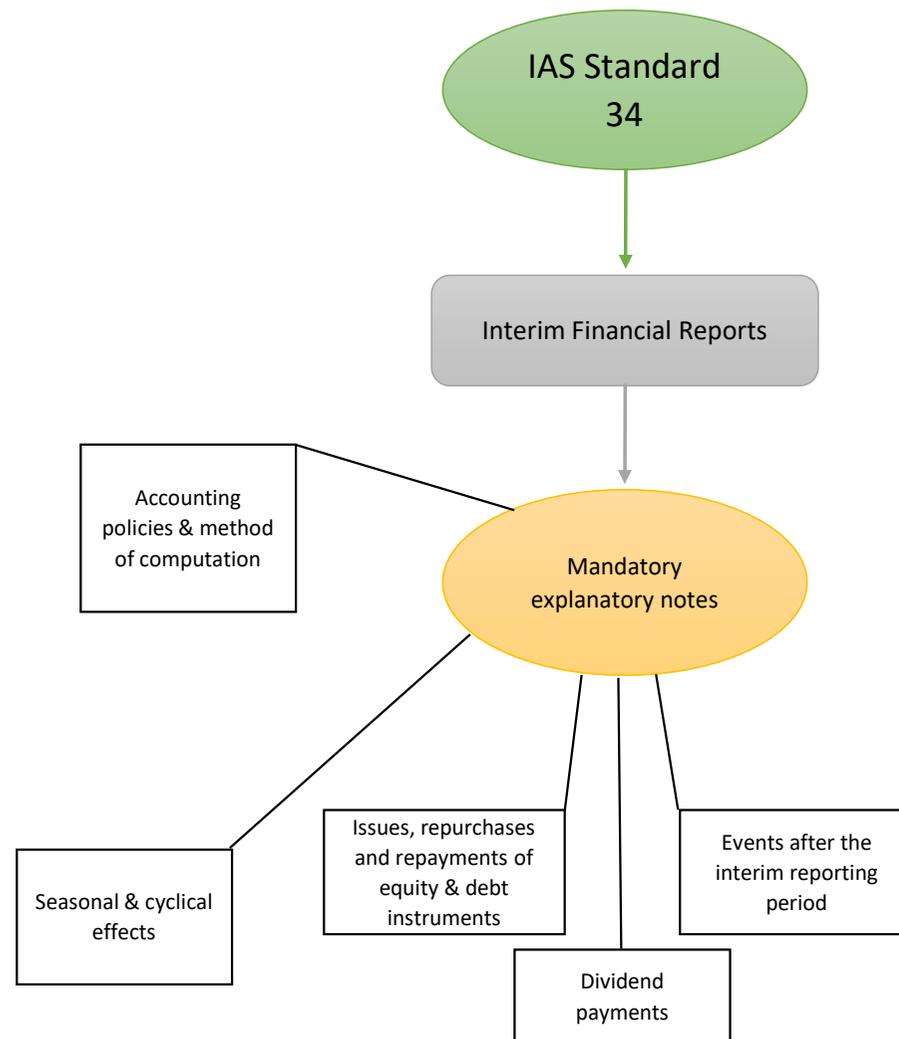
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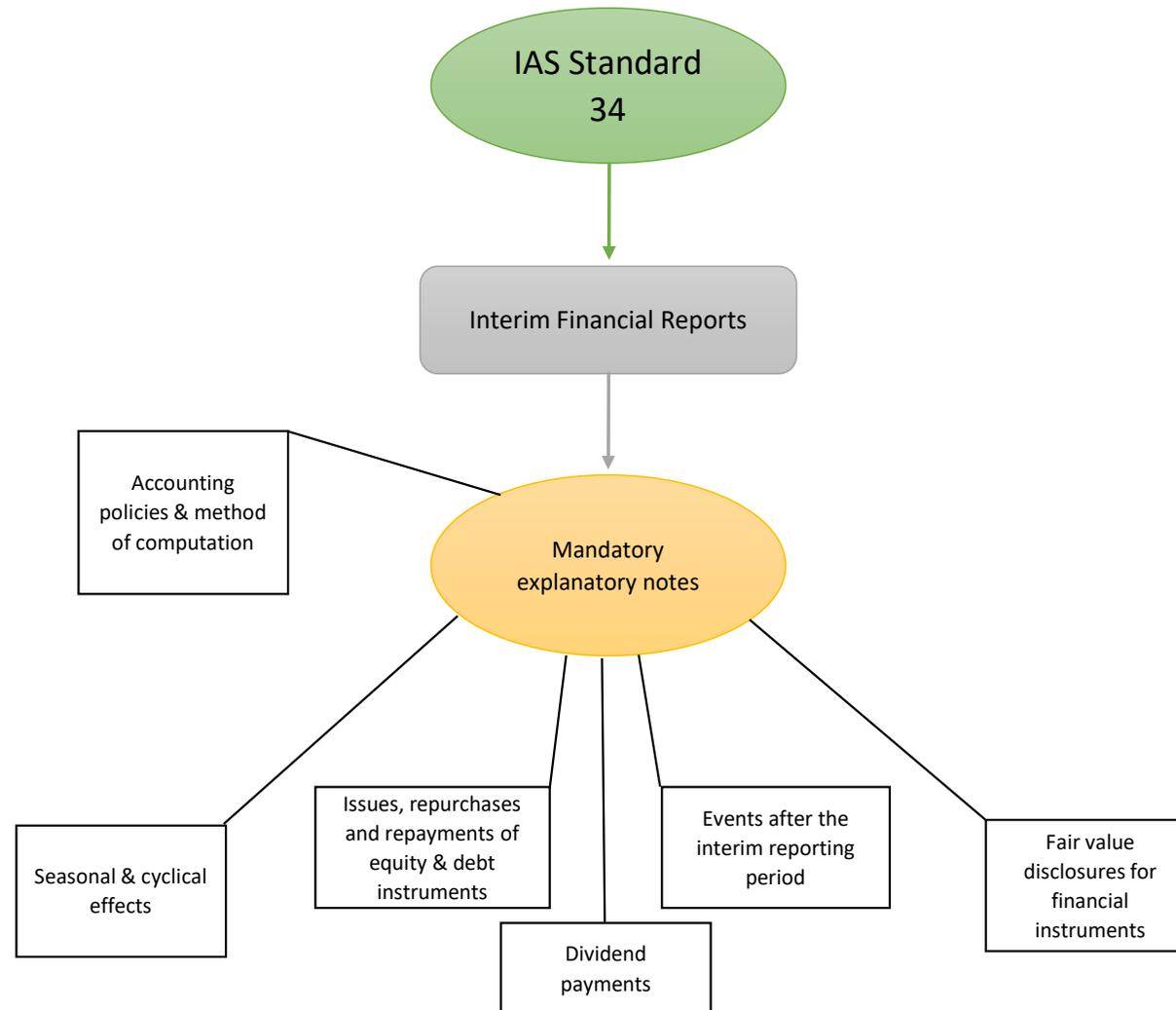
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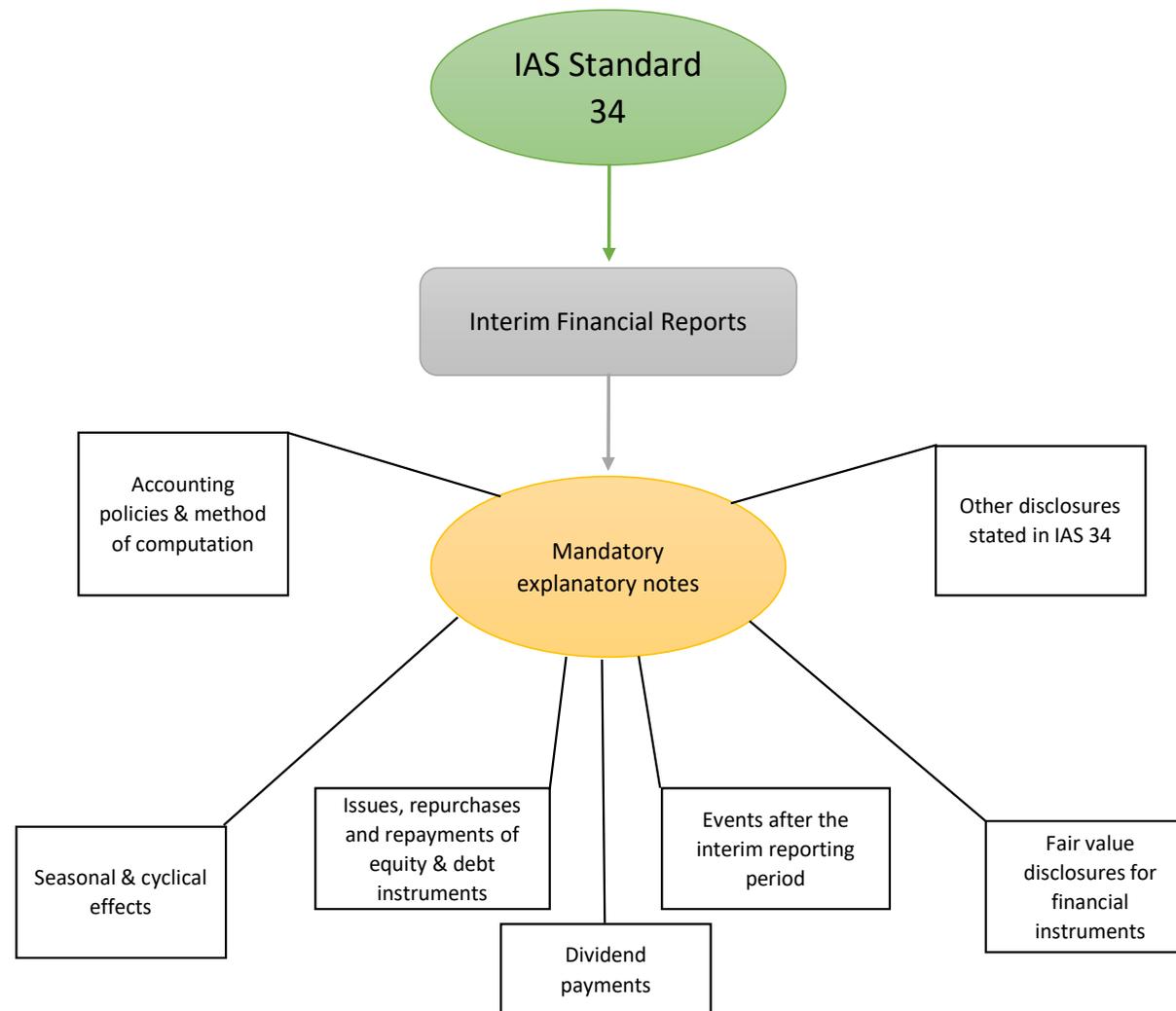
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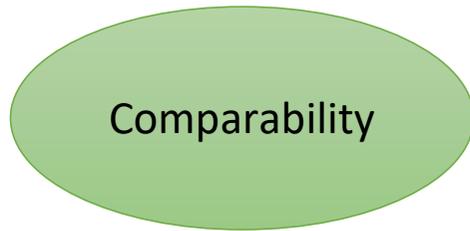
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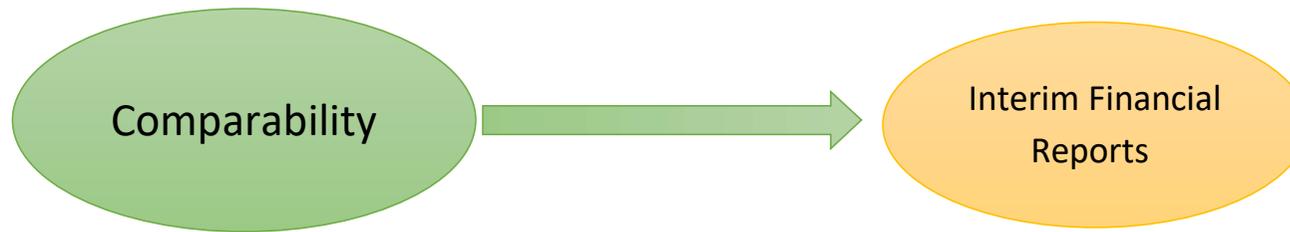
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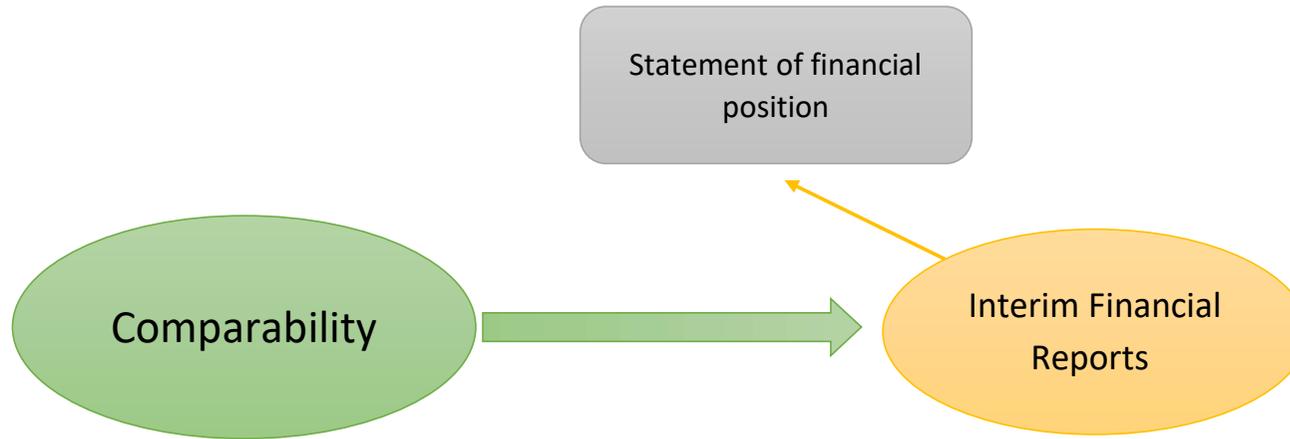
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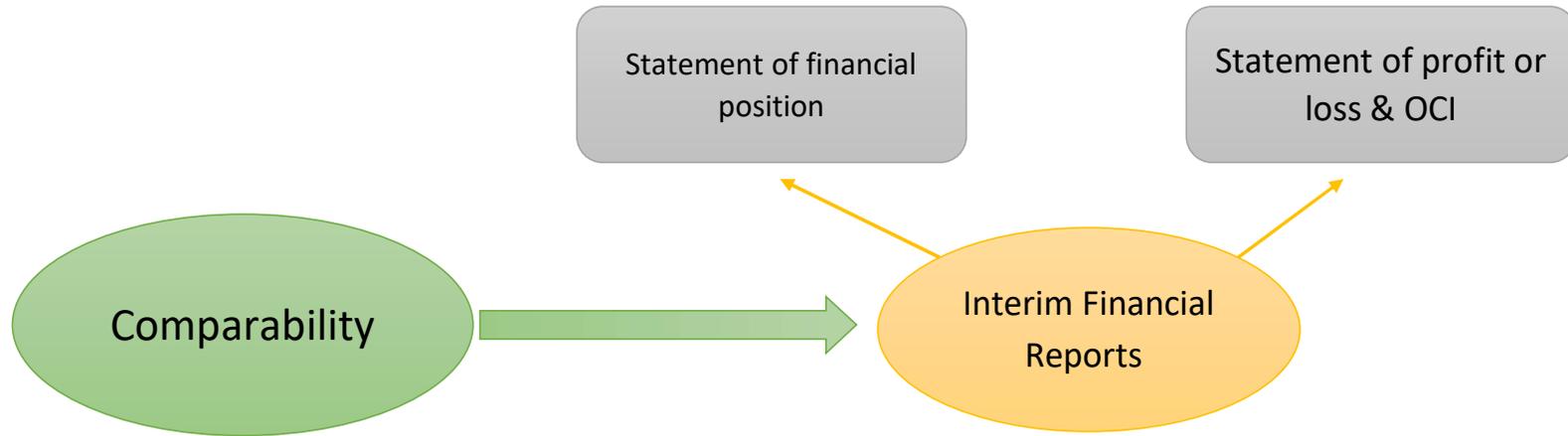
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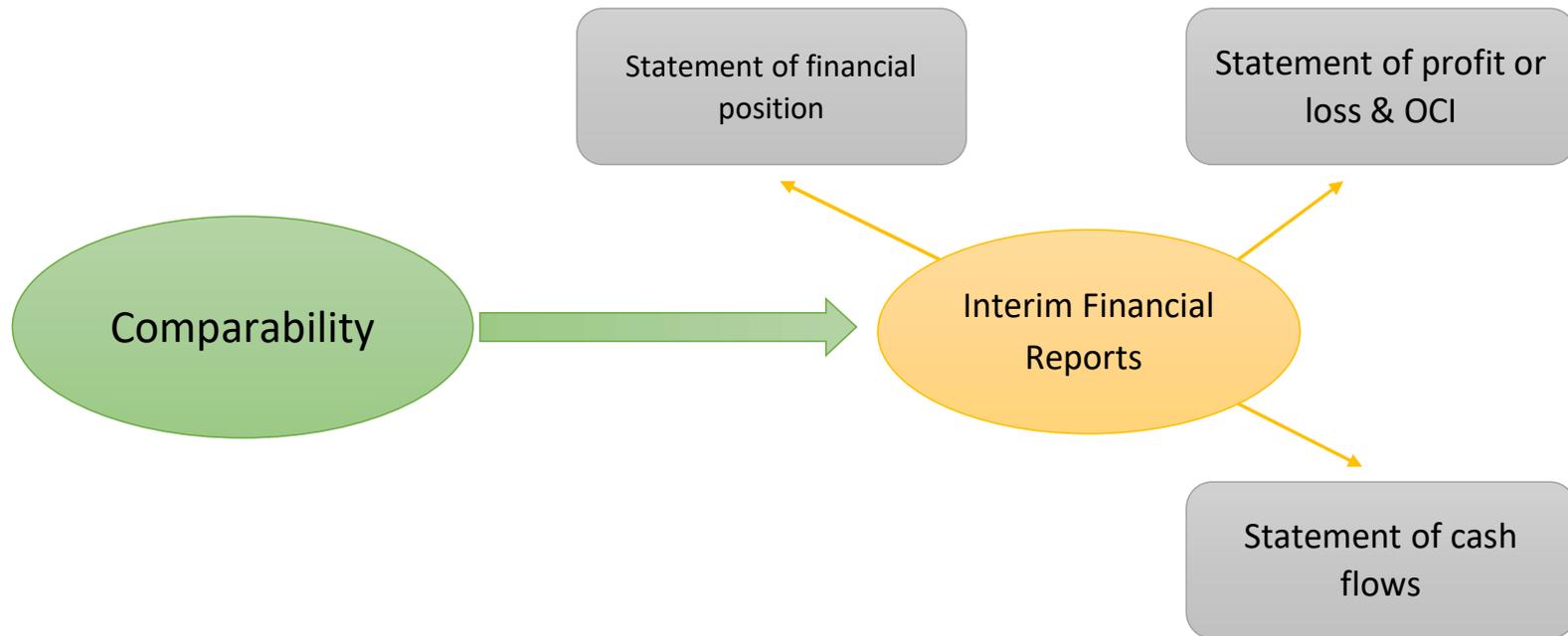
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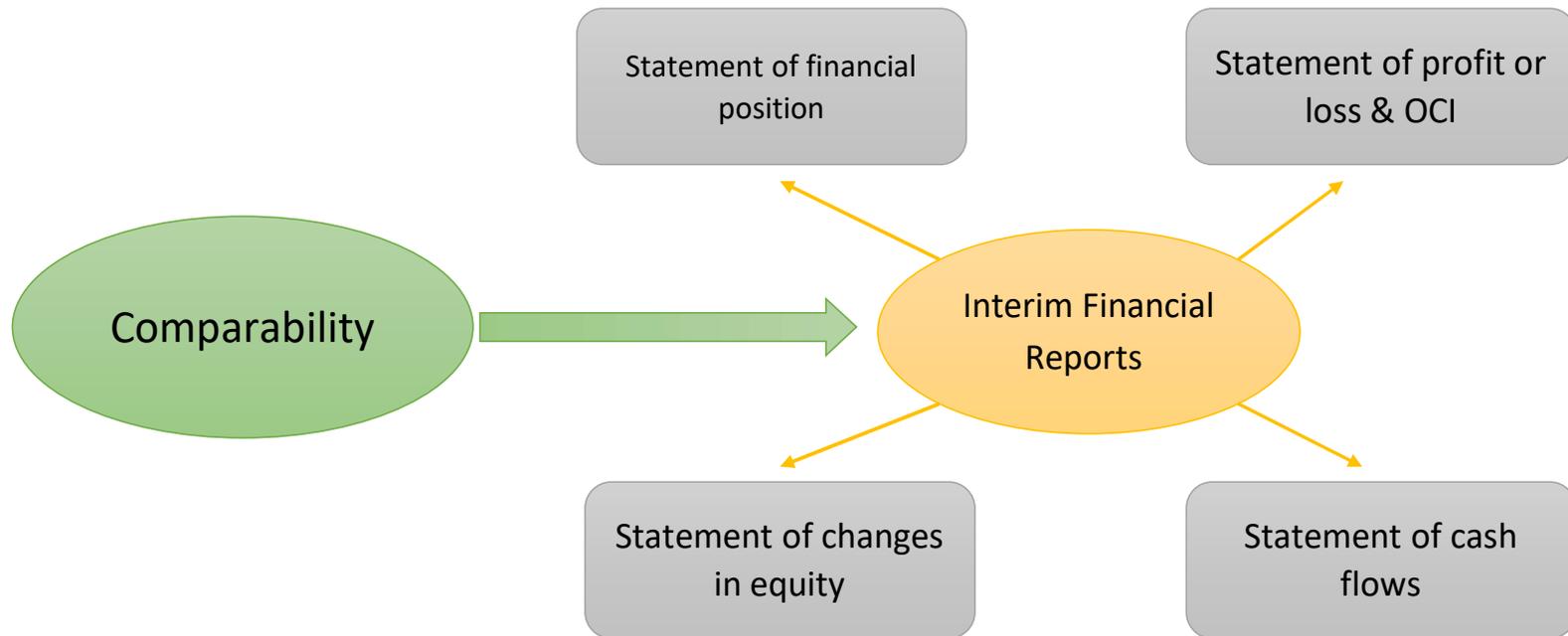
SCOPE AND KEY DEFINITIONS



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INTERIM FINANCIAL REPORTS - EXAMPLE

An entity prepares interim financial statements quarterly and will present 2nd quarter financial statements ending in June, 2022.

INTERIM FINANCIAL REPORTS - EXAMPLE

An entity prepares interim financial statements quarterly and will present 2nd quarter financial statements ending in June, 2022.

The financial statements that the entity must present consist of the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity.

INTERIM FINANCIAL REPORTS - EXAMPLE

Entity should present comparable statements of financial position. The entity presents two statements of financial position: the statement of financial position for the current interim period and another statement of financial position for the end of the previous financial year.

Interim Statement of Financial Position As of June 30, 2022	Statement of Financial Position As of December 31, 2021

INTERIM FINANCIAL REPORTS - EXAMPLE

Entity should present comparable statement of profit or loss and other comprehensive income. Entity presents four statements of profit or loss and other comprehensive income: an interim statement of profit or loss and other comprehensive income for first six months of 2022, an interim statement of profit or loss and other comprehensive income for second quarter of 2022, an interim statement of profit or loss and other comprehensive income for first six months of 2021 and an interim statement of profit or loss and other comprehensive income for second quarter of 2021.

Interim Statement of Profit or Loss and Other Comprehensive Income January 1 – June 30 2022	Interim Statement of Profit or Loss and Other Comprehensive Income April 1 – June 30 2022	Interim Statement of Profit or Loss and Other Comprehensive Income January 1 – June 30 2021	Interim Statement of Profit or Loss and Other Comprehensive Income April 1 – June 30 2021

INTERIM FINANCIAL REPORTS - EXAMPLE

Entity should present comparable statement of changes in equity. Entity presents two statements of changes in equity: a statement of changes in equity for the current interim period and another interim statement of changes in equity as of June 30, 2021.

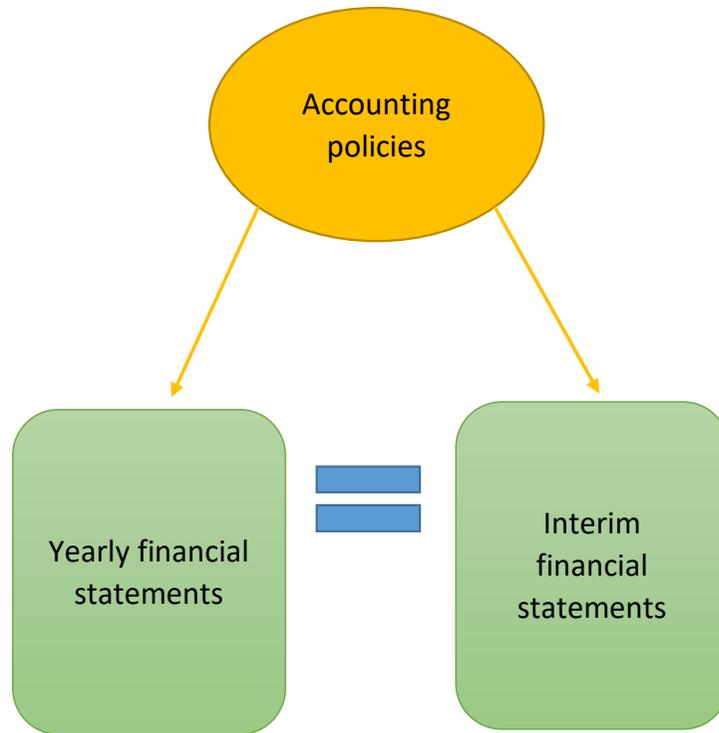
Interim Statement of Changes in Equity As of June 30, 2022	Interim Statement of Changes in Equity As of June 30, 2021

INTERIM FINANCIAL REPORTS - EXAMPLE

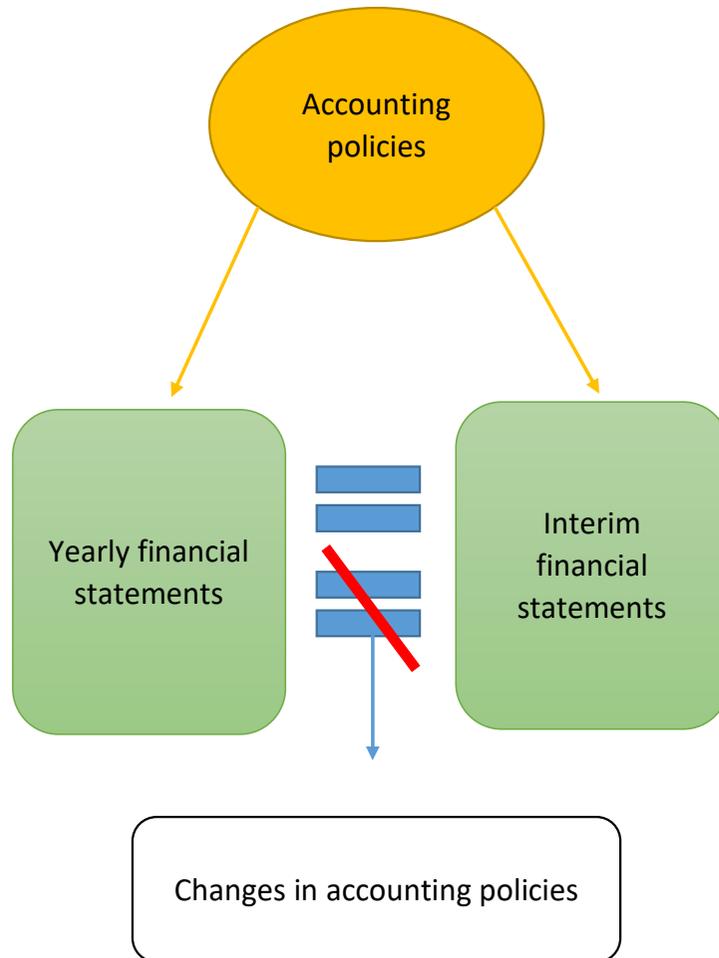
Entity should present comparable statements of changes of cash flow. Entity presents two statements of cash flows: a statement of cash flows for the first six months of 2022 and a statement of cash flows for the first six months of 2021.

Interim Statement of Cash Flows January 1 – June 30 2022	Interim Statement of Cash Flows January 1 – June 30 2021

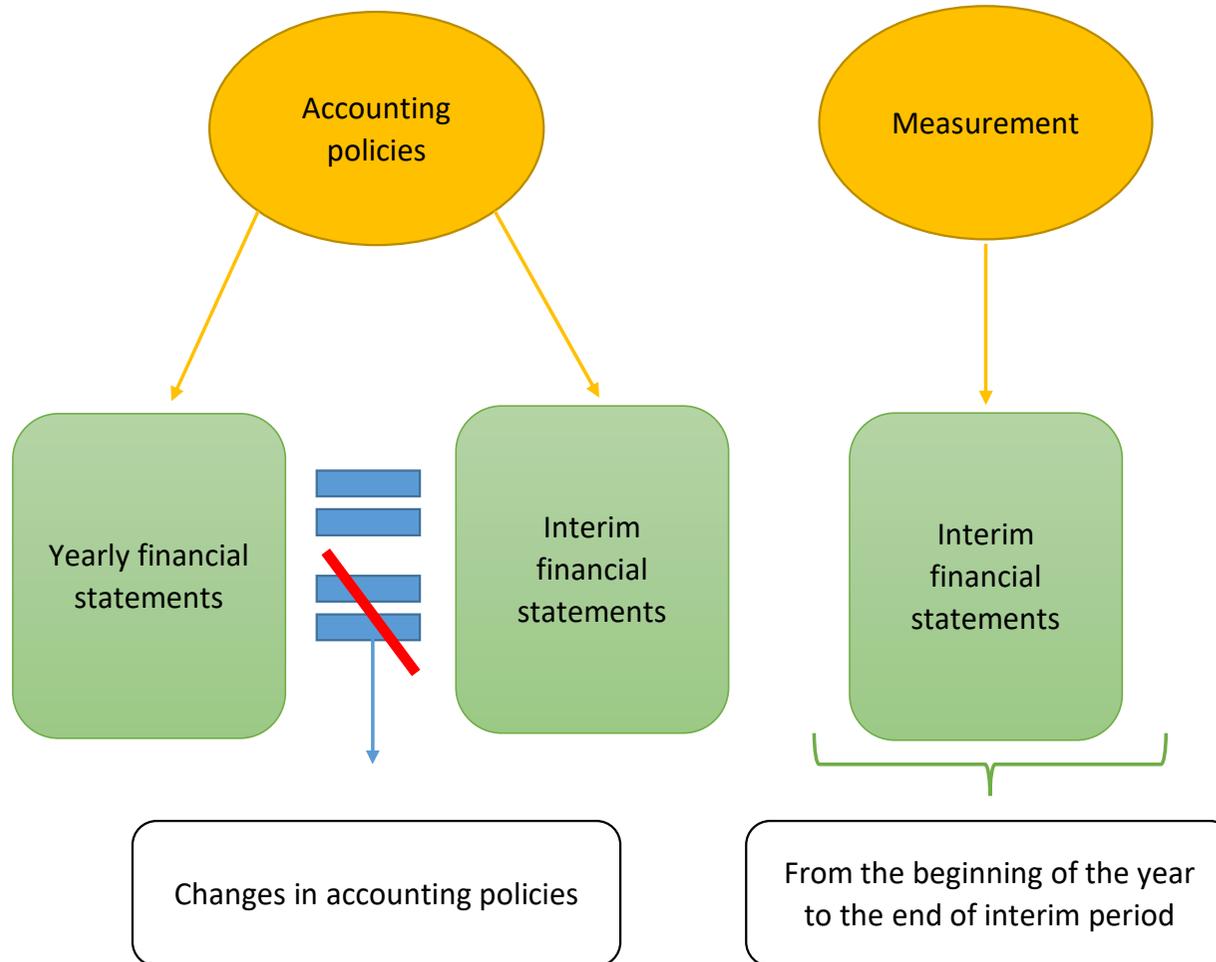
RECOGNITION AND MEASUREMENT



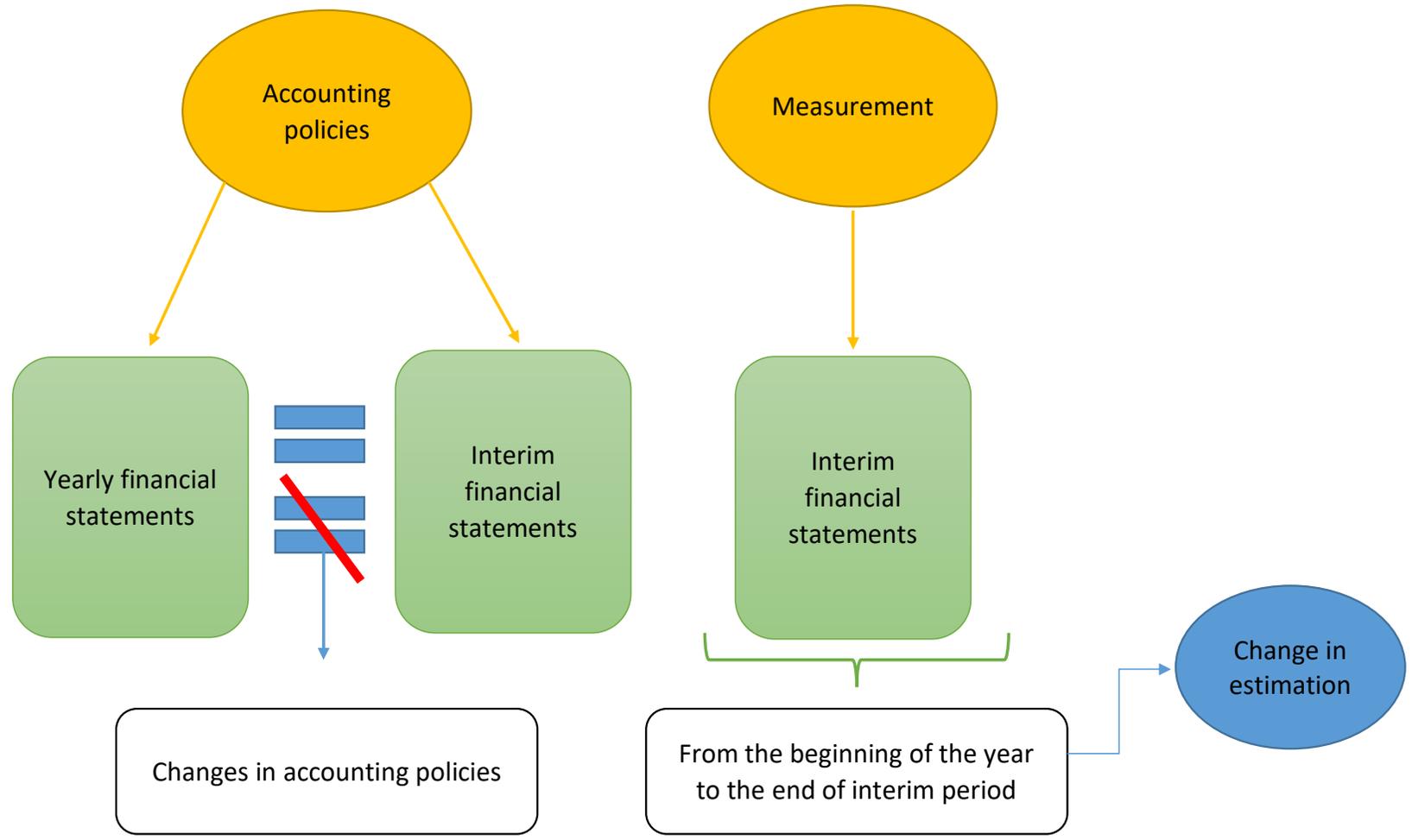
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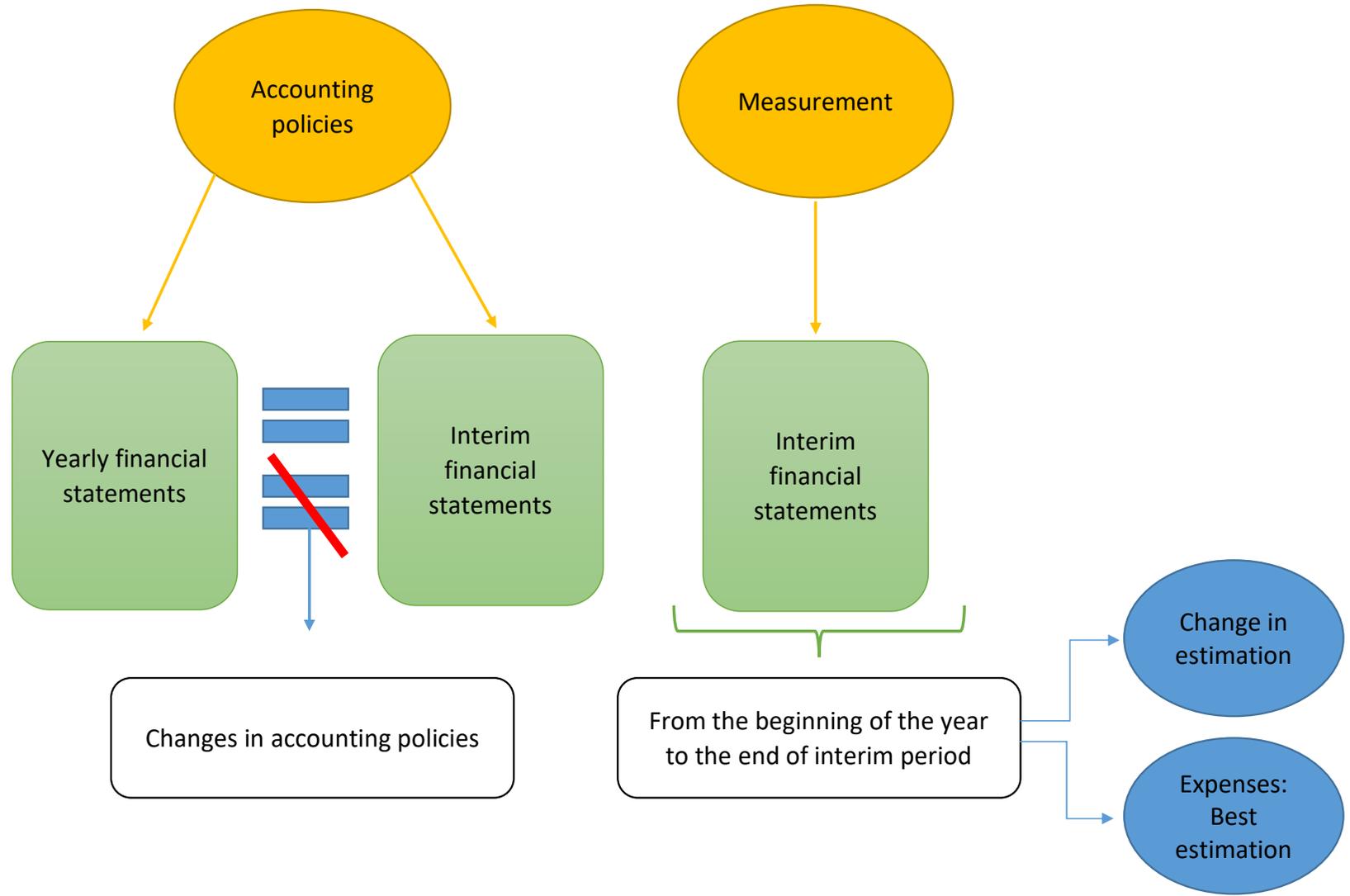
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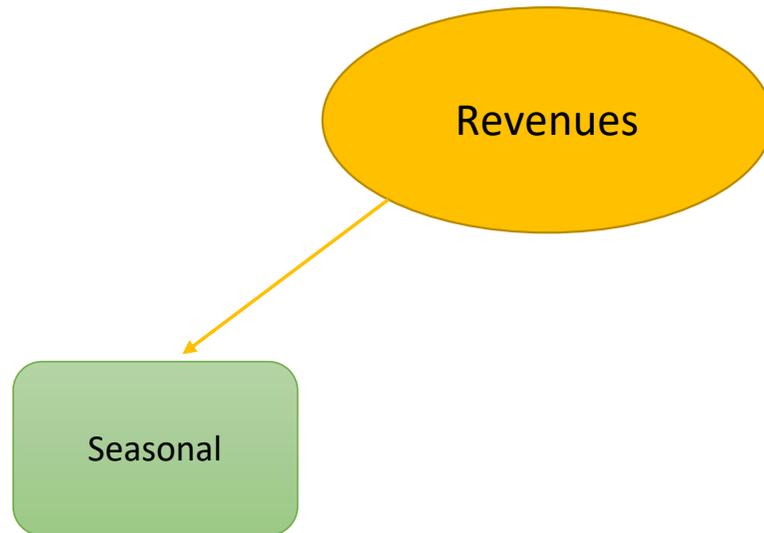
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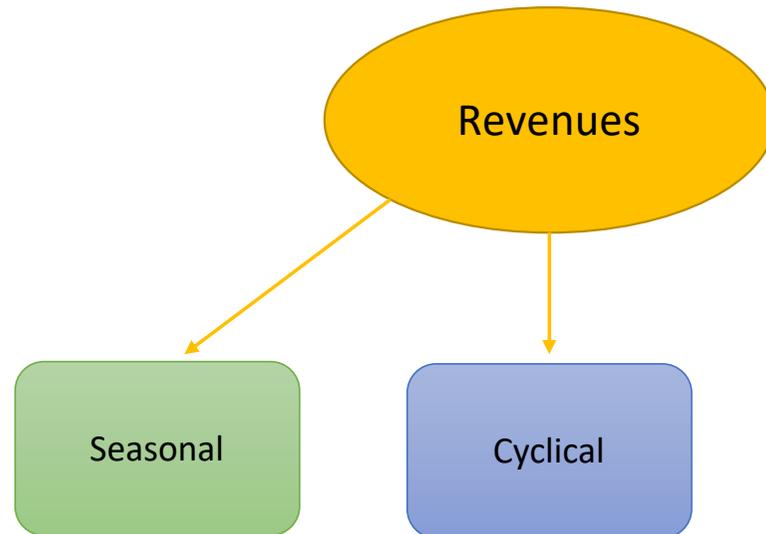
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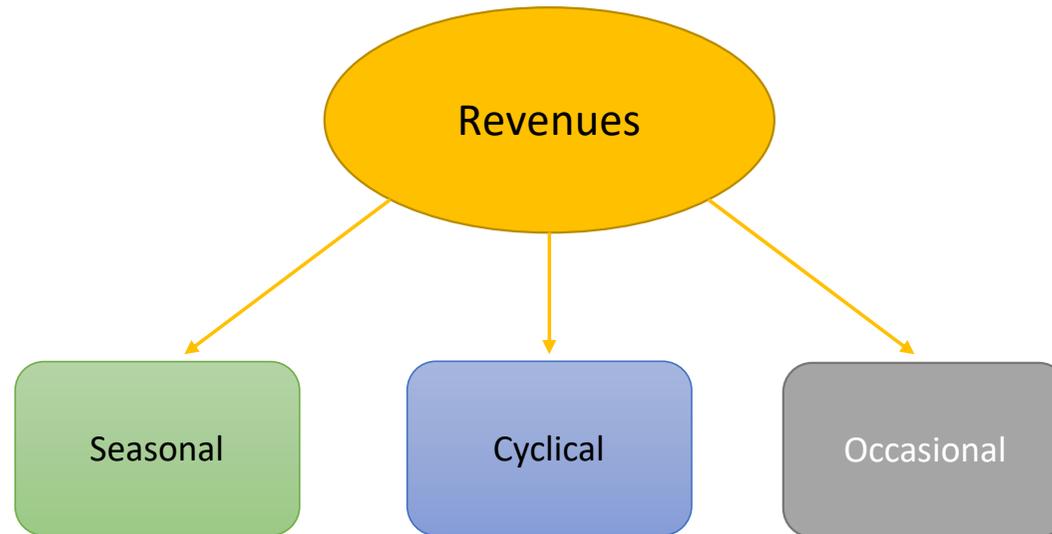
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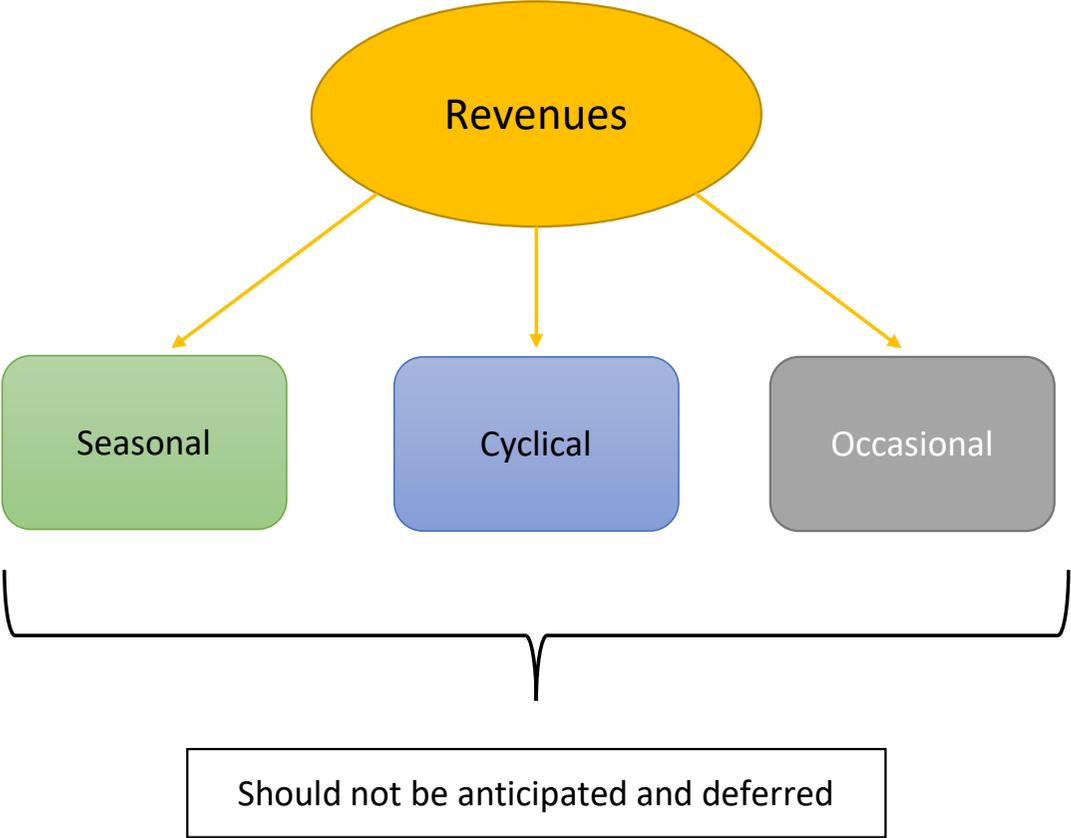
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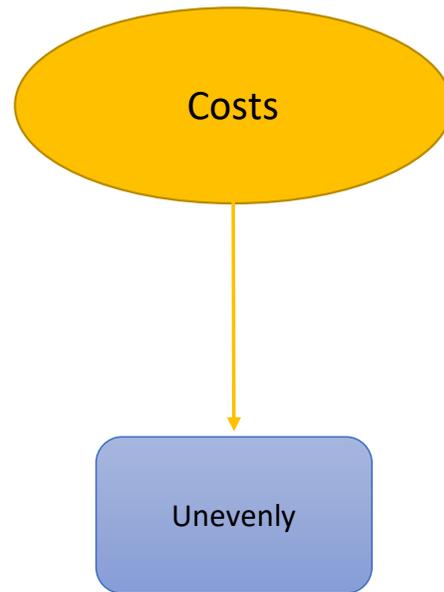
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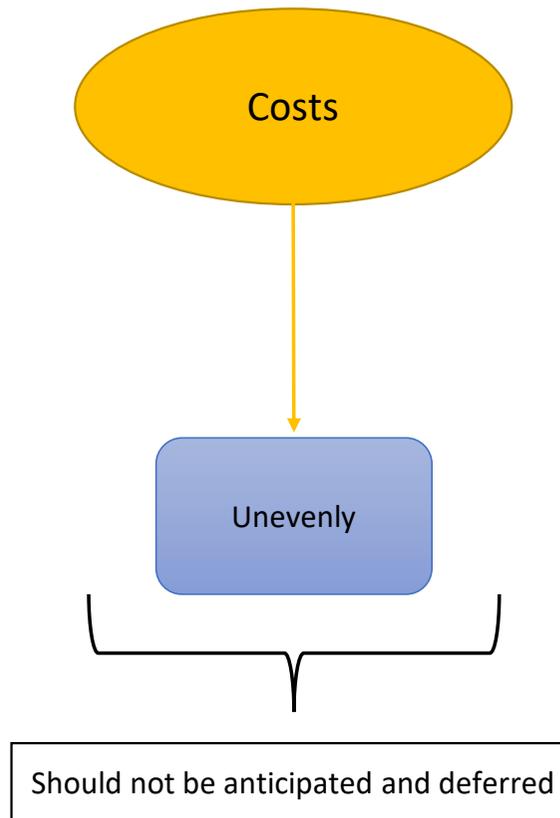
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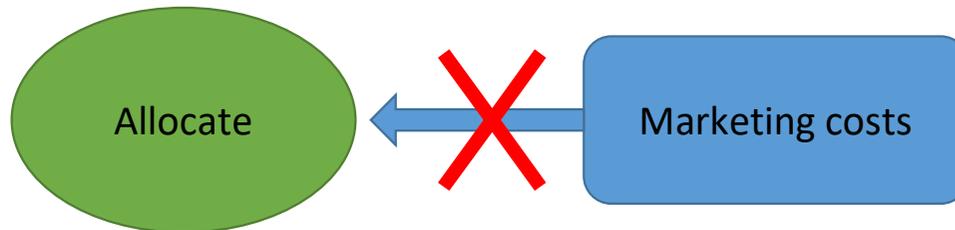


RECOGNITION AND MEASUREMENT

For example; An entity prepares interim financial reports on a quarterly basis. The entity launched a new product at the beginning of the year and is expected to be sold throughout the year. Marketing activities for the product were started and completed in the first quarter of the year.

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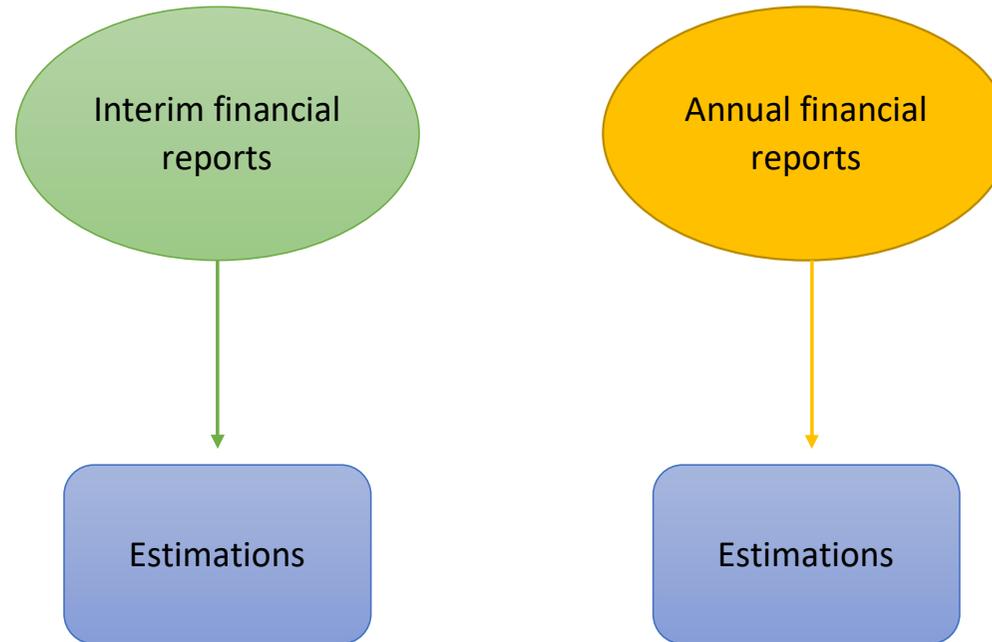


Interim financial
reports

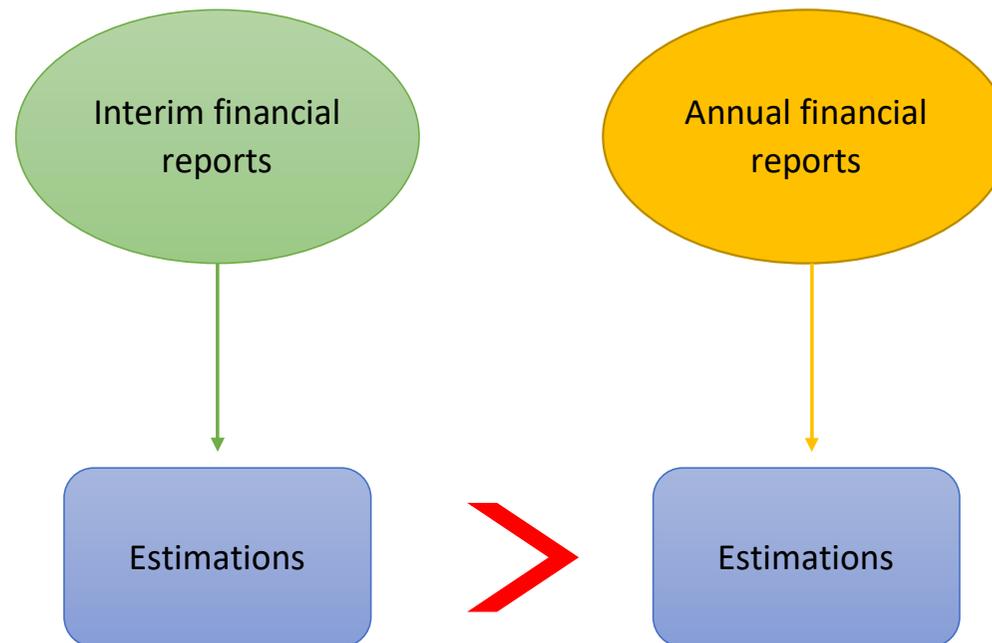


Annual financial
reports

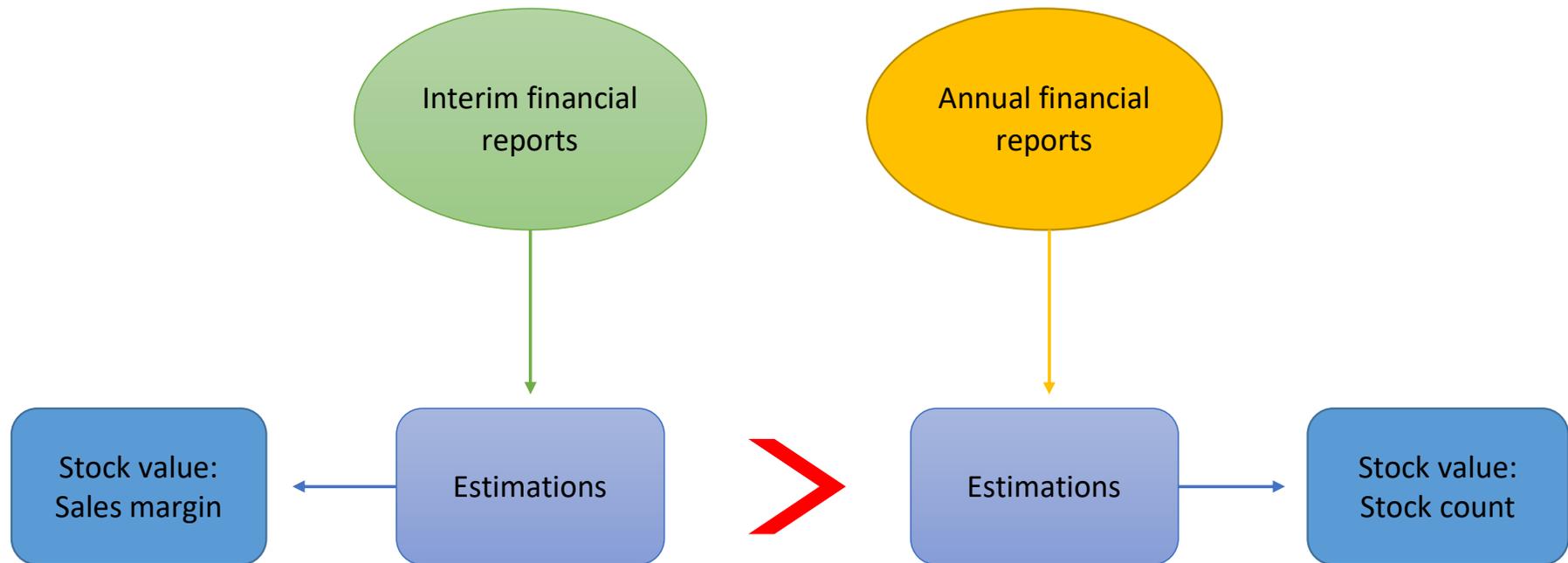
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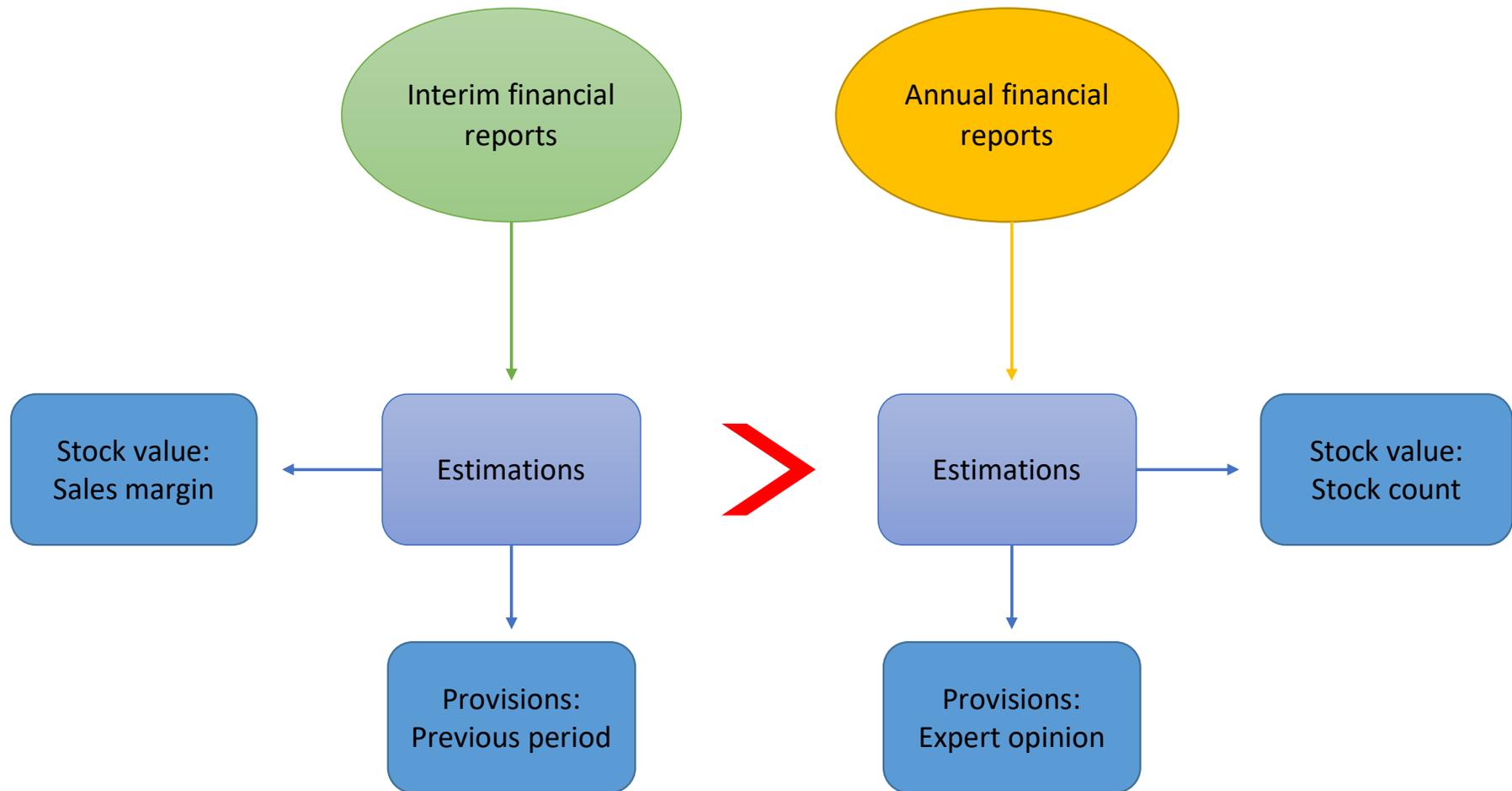
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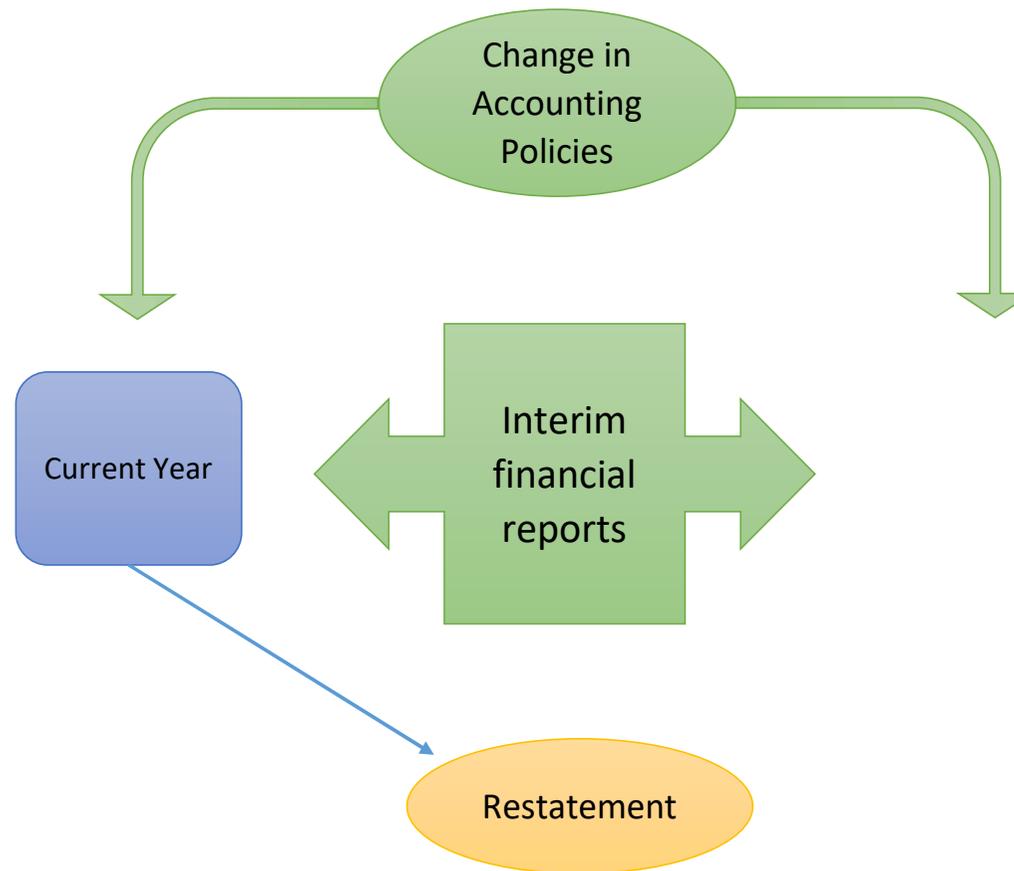
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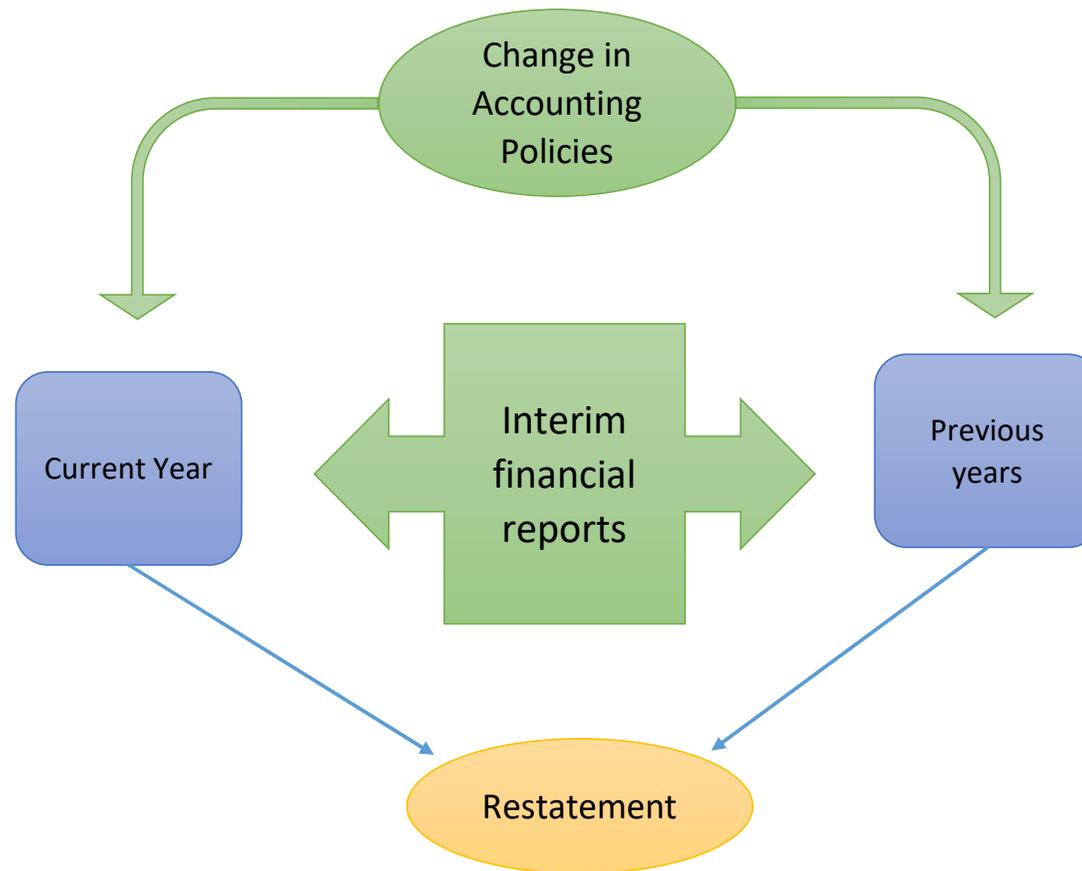
RESTATEMENT OF PREVIOUSLY REPORTED INTERIM PERIODS



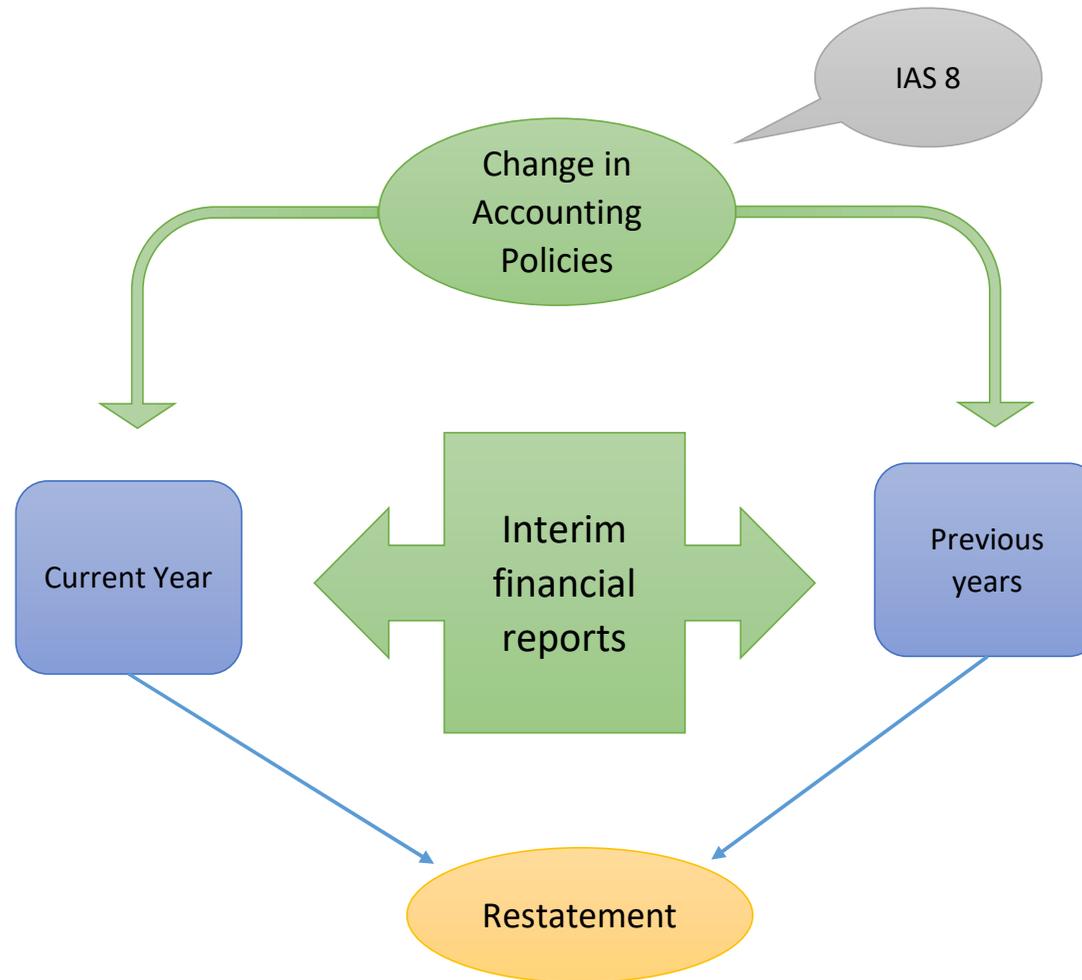
RESTATEMENT OF PREVIOUSLY REPORTED INTERIM PERIODS



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RESTATEMENT OF PREVIOUSLY REPORTED INTERIM PERIODS



RECAPUTILATIVE EXAMPLE

The expenses to be considered while preparing the interim financial reports of an entity are as follows.

RECAPUTILATIVE EXAMPLE

The expenses to be considered while preparing the interim financial reports of an entity are as follows.

- The entity's largest customer placed orders that will result in sales revenue of CU 2,000,000 in the first quarter, CU 2,400,000 in the second quarter, CU 1,500,000 in the third quarter and CU 1,800,000 in the fourth quarter. The business gives a 10% discount to its customer if it exceeds the annual purchase worth CU 7,000,000 of goods. The customer exceeded this amount last year and is expected to exceed it this year.

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- For a trade show event that will take place in the second quarter, the trade fair fee CU 40,000 was paid in the first quarter.

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- For a trade show event that will take place in the second quarter, the trade fair fee CU 40,000 was paid in the first quarter.
- CU 60,000 was paid in the second quarter for an advertising event to take place in the fourth quarter.

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- For a trade show event that will take place in the second quarter, the trade fair fee CU 40,000 was paid in the first quarter.
- CU 60,000 was paid in the second quarter for an advertising event to take place in the fourth quarter.
- In the beginning of the second quarter, CU 72,000, the property tax charge for the next 12 months, was paid.

RECAPUTILATIVE EXAMPLE

The expenses to be considered while preparing the interim financial reports of an entity are as follows.

- The entity's largest customer placed orders that will result in sales revenue of CU 2,000,000 in the first quarter, CU 2,400,000 in the second quarter, CU 1,500,000 in the third quarter and CU 1,800,000 in the fourth quarter. The business gives a 10% discount to its customer if it exceeds the annual purchase worth CU 7,000,000 of goods. The customer exceeded this amount last year and is expected to exceed it this year.
- For a trade show event that will take place in the second quarter, the trade fair fee CU 40,000 was paid in the first quarter.
- CU 60,000 was paid in the second quarter for an advertising event to take place in the fourth quarter.
- In the beginning of the second quarter, CU 72,000, the property tax charge for the next 12 months, was paid.
- The air filter of the factory was changed at the beginning of the second quarter. This transaction takes place annually and CU 24,000 was paid.

RECAPUTILATIVE EXAMPLE

The expenses to be considered while preparing the interim financial reports of an entity are as follows.

- The entity's largest customer placed orders that will result in sales revenue of CU 2,000,000 in the first quarter, CU 2,400,000 in the second quarter, CU 1,500,000 in the third quarter and CU 1,800,000 in the fourth quarter. The business gives a 10% discount to its customer if it exceeds the annual purchase worth CU 7,000,000 of goods. The customer exceeded this amount last year and is expected to exceed it this year.
- For a trade show event that will take place in the second quarter, the trade fair fee CU 40,000 was paid in the first quarter.
- CU 60,000 was paid in the second quarter for an advertising event to take place in the fourth quarter.
- In the beginning of the second quarter, CU 72,000, the property tax charge for the next 12 months, was paid.
- The air filter of the factory was changed at the beginning of the second quarter. This transaction takes place annually and CU 24,000 was paid.
- The business gives a bonus to its managers if the determined sales target is achieved. If total annual sales are CU 60,000,000, managers will receive bonus CU 200,000 at the end of the year. It has been predicted since the first quarter that the annual sales target will be achieved.

RECAPUTILATIVE EXAMPLE

The effects of the above events on the interim financial statements of the entity will be as follows.

	Quarter 1 (CU)	Quarter 2 (CU)	Quarter 3 (CU)	Quarter 4 (CU)	Yearly (CU)
Sales Revenue	12,000,000	15,000,000	18,000,000	15,000,000	60,000,000
Sales Discounts*	(200,000)	(240,000)	(150,000)	(180,000)	(770,000)
Marketing Expense ^β	-	(40,000)	-	-	(40,000)
Advertising Expense ^α	-	-	-	(60,000)	(60,000)
Property Tax Expense [£]	-	(18,000)	(18,000)	(18,000)	(54,000)
Maintenance Expense [∪]	-	(6,000)	(6,000)	(6,000)	(18,000)
Bonus Expense ^φ	(40,000)	(50,000)	(60,000)	(50,000)	(200,000)

RECAPUTILATIVE EXAMPLE

* The customer has reached the purchase amount required for the discount in the last quarter. However, since firm orders will exceed CU 7,000,000, the obligation to the customer is likely to be fulfilled. A discount of 10% from sales revenue is required of the customer's purchases each quarter.

	Quarter 1 (CU)	Quarter 2 (CU)	Quarter 3 (CU)	Quarter 4 (CU)	Yearly (CU)
Sales Discounts*	(200,000)	(240,000)	(150,000)	(180,000)	(770,000)

- Quarter 1: $\text{CU } 2,000,000 * 10\% = \text{CU } 200,000$
- Quarter 2: $\text{CU } 2,400,000 * 10\% = \text{CU } 240,000$
- Quarter 3: $\text{CU } 1,500,000 * 10\% = \text{CU } 150,000$
- Quarter4: $\text{CU } 1,800,000 * 10\% = \text{CU } 180,000$

RECAPUTILATIVE EXAMPLE

β The payment for the trade show event is reported as a prepaid expense in the first quarter and as an expense in the quarter in which it occurs.

	Quarter 1 (CU)	Quarter 2 (CU)	Quarter 3 (CU)	Quarter 4 (CU)	Yearly (CU)
Marketing Expense ^β	-	(40,000)	-	-	(40,000)

RECAPUTILATIVE EXAMPLE

β The payment for the trade show event is reported as a prepaid expense in the first quarter and as an expense in the quarter in which it occurs.

	Quarter 1 (CU)	Quarter 2 (CU)	Quarter 3 (CU)	Quarter 4 (CU)	Yearly (CU)
Marketing Expense ^β	-	(40,000)	-	-	(40,000)

α The payment for the advertising event is reported as a prepaid expense in the second quarter and as an expense in the quarter in which it occurs.

	Quarter 1 (CU)	Quarter 2 (CU)	Quarter 3 (CU)	Quarter 4 (CU)	Yearly (CU)
Advertising Expense ^α	-	-	-	(60,000)	(60,000)

RECAPUTILATIVE EXAMPLE

£ The property tax expense will be recorded as a prepaid expense in the second quarter. For the next 12 months, an equal amount will be recognized as property tax expense each month.

	Quarter 1 (CU)	Quarter 2 (CU)	Quarter 3 (CU)	Quarter 4 (CU)	Yearly (CU)
Property Tax Expense [£]	-	(18,000)	(18,000)	(18,000)	(54,000)

- Quarterly Expense = CU 72,000 / 4 = CU 18,000

RECAPUTILATIVE EXAMPLE

£ The property tax expense will be recorded as a prepaid expense in the second quarter. For the next 12 months, an equal amount will be recognized as property tax expense each month.

	Quarter 1 (CU)	Quarter 2 (CU)	Quarter 3 (CU)	Quarter 4 (CU)	Yearly (CU)
Property Tax Expense [£]	-	(18,000)	(18,000)	(18,000)	(54,000)

- Quarterly Expense = CU 72,000 / 4 = CU 18,000

∪ The air filter replacement will be recorded as a prepaid expense in the second quarter. For the next 12 months, an equal amount will be recognized as maintenance expense each month.

	Quarter 1 (CU)	Quarter 2 (CU)	Quarter 3 (CU)	Quarter 4 (CU)	Yearly (CU)
Maintenance Expense [∪]	-	(6,000)	(6,000)	(6,000)	(18,000)

- Quarterly Expense = CU 24,000 / 4 = CU 6,000

RECAPUTILATIVE EXAMPLE

ϕ The bonus to be given to the managers is accounted for in proportion to the sales revenue of each quarter.

	Quarter 1 (CU)	Quarter 2 (CU)	Quarter 3 (CU)	Quarter 4 (CU)	Yearly (CU)
Bonus Expense ^ϕ	(40,000)	(50,000)	(60,000)	(50,000)	(200,000)

- Quarter 1: $(\text{CU } 200,000 / \text{CU } 60,000,000) * 12,000,000 = \text{CU } 40,000$
- Quarter 2: $(\text{CU } 200,000 / \text{CU } 60,000,000) * 15,000,000 = \text{CU } 50,000$
- Quarter 3: $(\text{CU } 200,000 / \text{CU } 60,000,000) * 18,000,000 = \text{CU } 60,000$
- Quarter4: $(\text{CU } 200,000 / \text{CU } 60,000,000) * 15,000,000 = \text{CU } 50,000$



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