

APPROVED

by Order No. VAS-6 of 23 September 2005  
of the Director of the Public Establishment  
the Institute of Accounting of the Republic of  
Lithuania

## **29 BUSINESS ACCOUNTING STANDARD “INTERIM FINANCIAL STATEMENTS”**

*(“Valstybės žinios” (Official Gazette), 2005, No. 116-4218; No. 118 (correction); 2007, No. 9-3780).*

### **I. GENERAL PROVISIONS**

1. The objective of this Standard is to set out a procedure of preparing interim financial statements and minimum requirements for information disclosure.

2. This Standard shall be applied by entities which prepare interim financial statements in the manner established by laws or at their own discretion.

### **II. KEY DEFINITIONS**

**Interim financial statements** – financial statements summarising the data for a period shorter than a financial year.

**Interim reporting period** – a period shorter than a financial year, for which financial statements are prepared.

**Interim reporting date** – the last day of the interim reporting period, for which financial statements are prepared.

**Condensed explanatory notes** – a financial statement prepared in accordance with the provisions of 29 Business Accounting Standard “Interim Financial Statements”, explaining amounts presented in other interim financial statements and disclosing additional material information that is not presented in such other financial statements.

### **III. COMPOSITION OF INTERIM FINANCIAL STATEMENTS**

3. The composition of interim financial statements is dependent on whether an entity prepares a complete or condensed set of annual financial statements.

4. A complete set of interim financial statements comprises:

- 4.1. a balance sheet;
- 4.2. an income statement;
- 4.3. a statement of changes in equity;
- 4.4. a cash flow statement;
- 4.5. selected explanatory notes.

5. A condensed set of interim financial statements comprises:

- 5.1. a balance sheet;
- 5.2. an income statement;
- 5.3. a statement of changes in equity;
- 5.4. selected explanatory notes.

6. Interim financial statements shall be prepared in accordance with respective Business Accounting Standards.

7. Instead of selected explanatory notes entities may prepare condensed explanatory notes in accordance with 6 Business Accounting Standard “Explanatory Notes” if they have a right to prepare a condensed set of yearly financial statements, or complete explanatory notes in accordance with 6 Business Accounting Standard “Explanatory Notes” and other Business Accounting Standards if they are required to prepare a full set of yearly financial statements.

#### **IV. REQUIREMENTS FOR PREPARATION OF INTERIM FINANCIAL STATEMENTS**

8. Interim financial statements shall provide a true and fair view about the financial position of an entity, its performance and cash flows, if the entity prepares a cash flow statement.

9. Information presented in interim financial statements shall cover the period from the beginning of the financial reporting year until the interim reporting date.

10. Interim financial statements shall be prepared in accordance with the same accounting policies which are applied in the preparation of annual financial statements, except for cases of changes in accounting policies during the interim reporting period.

11. Frequency of preparing interim financial statements shall not affect the entity's results of the reporting year. When preparing financial statements for the interim reporting period, economic events and economic transactions which have occurred since the beginning of the reporting year until the interim reporting date shall be taken into account.

12. An entity shall have to prepare consolidated interim financial statements only in cases required by other legal acts.

#### **V. PERIODS OF INTERIM FINANCIAL STATEMENTS INFORMATION**

13. The following information shall be presented in interim financial statements:

13.1. in the balance-sheet – information as of the last day of the interim reporting period and comparative information as of the last day of the previous financial year;

13.2. in the income statement – information from the beginning of the financial reporting year until the interim reporting date and comparative information for the comparable interim reporting period of the previous financial year;

13.3. in the statement of changes in equity – information on balances of the financial year before last year, changes during the previous financial year indicating balances of the respective interim reporting period of the last financial year, changes during the interim reporting period and balances as of the interim reporting date;

13.4. in the cash flow statement – information from the beginning of the financial reporting year until the interim reporting date and comparative information for the comparable interim reporting period of the previous financial year.

#### **VI. REQUIREMENTS FOR SELECTED EXPLANATORY NOTES**

14. Assuming that users of interim financial statements have an opportunity to review the last annual financial statements, entities shall be required to provide less information in selected explanatory notes.

15. While disclosing less information in selected explanatory notes than in explanatory notes to annual financial statements, entities shall observe the principle of significance of information. Information shall be considered as significant if it contributes to correct assessment of the financial position and performance of the entity during the interim reporting period and if the failure to disclose such information is likely to affect decision-making of users of interim financial statements.

16. Selected explanatory notes shall comprise the following parts:

16.1. a general part;

16.2. amendments to accounting policies or confirmation that they have not been changed, including the reference to the last annual financial statements in which the accounting policies were described;

16.3. comments of explanatory notes.

17. The general part of explanatory notes shall provide general information about the entity:

17.1. The entity's registration date.

17.2. If the entity belongs to a group of entities, the names, codes and head offices of the parent and principal parent entity.

17.3. If the entity holds an interest in a legal person of unlimited civil liability, the name, code, head office and legal form of such legal person.

17.4. The number of the entity's branches and representative offices; names, codes and head offices of subsidiaries, associates and jointly controlled entities.

17.5. A brief description of the entity's activities.

17.6. Changes in the authorised capital, where appropriate, and the reasons for changes.

17.7. An average number of employees during the interim reporting period and during the respective comparative interim reporting period or a number of employees at the end of the interim and respective comparative interim reporting periods.

18. Selected explanatory notes shall contain information on amendments of the entity's accounting policies, if they were subject to changes during the interim reporting period. When preparing interim financial statements, changes in accounting policies shall be presented in accordance with the provisions of 7 Business Accounting Standard "Changes in Accounting Policies, Accounting Estimates and Correction of Errors".

19. If no changes have been introduced to accounting policies during the interim reporting period, in selected explanatory notes the information about accounting policies applied by the entity shall not be presented, instead the confirmation that accounting policies have not been changed shall be included. In addition, the reference to the last annual financial statements describing the accounting policies shall be included.

20. Comments of selected explanatory notes shall be numbered in sequential order. A number of a comment of selected explanatory notes shall be indicated next to the item which is described in the comment. Comments shall be provided in the tabular and (or) textual form.

21. Comments of selected explanatory notes shall present the information which has not yet been included in other interim financial statements:

21.1. reasons and nature of changes in accounting estimates and the effect of such changes on the results of the interim reporting period and subsequent reporting periods;

21.2. significant events that occurred after the end of the interim reporting period;

21.3. business mergers, acquisitions and disposals of non-current investments, restructuring of the entity and pending liquidation during the interim reporting period;

21.4. changes in contingent liabilities and contingent assets from the beginning of the financial reporting year until the interim financial reporting date;

21.5. information on seasonal and cyclic nature of business. Information about the entity's financial position, performance and cash flows included in financial statements of the interim reporting period of entities whose business is of a seasonal nature may be misunderstood. It is recommended that such entities, alongside their interim financial statements also provide the income statement for 12 months ending on the interim reporting date providing in this statement the comparative information for the previous twelve months;

21.6. other significant information.

22. Selected explanatory notes shall explain only significant amounts presented in financial statements, e.g.:

22.1. the write-down of inventories to net realisable value, or reversal of such a write-down;

22.2. recognition of losses from the impairment of non-current assets, or reversal of such losses;

22.3. formation of provisions for the entity's restructuring or reorganisation;

22.4. correction of material errors of previous periods identified during the interim reporting period.

## **VII. FINAL PROVISIONS**

23. This Standard shall be effective for interim financial statements covering reporting periods beginning on or after 1 January 2006. The Standard may be applied in preparing interim financial statements for 2005.