# IFRS AT A GLANCE IAS 29 Financial Reporting in Hyperinflationary Economies

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### IAS 29 Financial Reporting in Hyperinflationary Economies

SCOPE	INDICATORS OF HYPERINFLATION
IAS 29 is applied to the individual financial statements, and the consolidated financial.	Hyperinflation is indicated by characteristics of the economic environment of a country which include, but are not limited to, the following:
	▶ The general population prefers to keep its wealth in non-monetary assets or in a relatively stable foreign currency
	> The general population regards monetary amounts not in terms of the local currency but in terms of a relatively stable foreign currency prices may be quoted in that currency
	► Sales and purchases on credit take place at prices that compensate for the expected loss of purchasing power during the credit period, even if the period is short
	▶ Interest rates, wages and prices are linked to a price index
	▶ The cumulative inflation rate over three years is approaching, or exceeds, 100%.

#### **RESTATEMENT OF FINANCIAL STATEMENTS - HYPERINFLATIONARY ECONOMIES**

The financial statements of an entity whose functional currency is the currency of a hyperinflationary economy are stated in terms of the measuring unit current at the end of the reporting period. Corresponding figures in relation to prior periods are also restated. The gain or loss on the net monetary position is included in profit or loss and separately disclosed.





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HISTORICAL COST FINANCIAL ST	ATEMENTS			CURRENT COST FINANCIAL STATEMENTS			
÷				+	+		
STATEMENT OF COMPREHENSI	VE INCOME	STATEMENT OF FINANCIAL POSITION		STATEMENT OF FINANCIAL POSITION	STATEMENT OF COMPREHENSIVE POSITION		
All items in the statement of comp income are expressed in terms of unit current at the end of the rep Therefore all amounts need to be applying the change in the genera from the dates when the items of expenses were initially recorded i statements.	the measuring orting period. restated by l price index income and	Statement of financial position amounts not already expressed in terms of the measuring unit current at the end of the reporting period are restated by applying a general price index.		Items at current cost are not restated because they are already expressed in the unit of measurement current at the end of the reporting period.	All amounts are restated into the measuring unit current at the end of the reporting period by applying a general price index.		
				COMPARATIVES AND STATEMENT OF CASH FLOWS			
Assets and liabilities linked by agreement to changes in prices	Monetary items are not restated because they are already	All other assets and liabilities are non-monetary. Some non- monetary items are carried at amounts current at the end of the reporting period, such as net realisable value and market value, so they are not restated. All other non-monetary assets and liabilities are restated.	All items in the statement of cash flows are expressed in terms of the measuring unit current at the end of the reporting period. Corresponding figures for the previous reporting period, whether based on either a historical cost approach or a current cost approach, are restated by applying a general price index.				
are adjusted in accordance with the agreement in order to ascertain the amount outstanding at the end of the reporting period.	expressed in terms of the monetary unit current at the end of the reporting period.		ECONOMIES CEASING TO BE HYPERINFLATIONARY When an economy ceases to be hyperinflationary and an entity discontinues the preparation and presentation of financial statements prepared in accordance with IAS 29, it treats the amounts expressed in the measuring unit current at the end of the previous reporting period as the basis for the carrying amounts in its subsequent financial statements.				



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