

Also refer: NZ IFRIC 7 *Applying the Restatement Approach Under NZ IAS 29*

## SCOPE

NZ IAS 29 is applied to the individual financial statements, including the consolidated financial statements, of any entity whose functional currency is the currency of a hyperinflationary economy.

## INDICATORS OF HYPERINFLATION

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.
- Sales and purchases on credit take place at prices that compensate for the expected loss of purchasing power during the credit period.
- 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.

### HISTORICAL COST FINANCIAL STATEMENTS

#### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

All items in the Statement of Profit or Loss and Other Comprehensive Income are expressed in terms of the measuring unit current at the end of the reporting period. Therefore, all amounts need to be restated by applying the change in the general price index from the dates when the items of income and expenses were initially recorded in the financial statements.

#### STATEMENT OF FINANCIAL POSITION

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.

Assets and liabilities linked by agreement to changes in prices are adjusted in accordance with the agreement in order to ascertain the amount outstanding at the end of the reporting period.

Monetary items are not restated because they are already expressed in terms of the monetary unit current at the end of the reporting period.

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.

### CURRENT COST FINANCIAL STATEMENTS

#### STATEMENT OF FINANCIAL POSITION

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.

#### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

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.

### 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 NZ 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.

TIER 2 NZ IFRS RDR REPORTERS

NZ IFRS RDR Reporters must comply with NZ IAS 29 in full.