

Financial Reporting Advisory Board Paper

SECRETARIAT PAPER

IAS 29: Financial Reporting in hyperinflationary economies

Issue:	Including IAS 29 <i>Financial Reporting in hyperinflationary economies</i> in the IFRS-based FReM.
Impact on guidance:	The proposed text in Annex A relates to the IFRS-based FReM.
IAS/IFRS adaptation?	No
IPSAS compliant?	N/A
Interpretation for the public sector context?	Yes – As all entities covered by the Manual have a functional currency of pounds sterling, HM Treasury will notify classification of hyperinflationary economy if appropriate.
Impact on budgetary regime?	No
Alignment with National Accounts	N/A
Impact on Estimates?	No
Recommendation:	The Board is invited to approve the text to include IAS 29 in the IFRS-based FReM.
Timing:	Not yet known: depends on future decision on date for moving to EU-adopted IFRS.

DETAIL

Background

1. At its meeting on the 28 January 2005, the Board approved amendments to the FReM to implement FRS 24 (IAS 29) *Financial Reporting in hyperinflationary economies* (FRAB (71) 04). This paper asks the Board to approve the FReM text, amended for references to IAS 29, for inclusion in the IFRS-based FReM.

Interpreting IAS 29

2. IAS 29 will be interpreted in the same way as FRS 24 – in that as all entities covered by this Manual have a functional currency of pounds sterling, HM Treasury will notify classification of hyperinflationary economy if appropriate.

Summary and recommendation

3. The Board is invited to approve the text on IAS 29 for inclusion in the IFRS-based FReM.

Larry Pinkney
FRAB Secretary
October 2006

PROPOSED TEXT FOR THE IFRS-BASED GOVERNMENT FINANCIAL REPORTING MANUAL

IAS 29 Financial Reporting in hyperinflationary economies

Applicability

IAS 29 applies in full.

Objective of IAS 29

The standard applies to all financial statements of a reporting entity whose functional currency is the currency of a hyperinflationary economy.

Interpretation of IAS 29 for the public sector context

As all entities covered by this Manual have a functional currency of pounds sterling, HM Treasury will notify classification of hyperinflationary economy if appropriate.