



IFRS Adviser Alert

Hyperinflationary countries – Update for periods ending December 31, 2022

January 2023

Executive summary

As at December 31, 2022, there were eleven countries around the world whose economies were considered hyperinflationary. Entities whose functional currency is the currency of one of these countries and that have December 31, 2022, reporting requirements have to reflect the requirements of IAS 29, *Financial Reporting in Hyperinflationary Economies*, in their IFRS financial statements.

Situation

As at December 31, 2022, there were eleven countries around the world whose economies were considered hyperinflationary. These countries are Argentina, Ethiopia (new in 2022), Islamic Republic of Iran, Lebanon, South Sudan, Sudan, Suriname, Turkey (new in 2022), Venezuela, Yemen, and Zimbabwe. Entities whose functional currency is the currency of one of these countries and that have interim or annual reporting requirements at December 31, 2022, or thereafter, have to reflect the requirements of IAS 29 in their IFRS financial statements if they want to state that they are in full compliance with IFRS.

Angola, Haiti, Sri Lanka, and Syria, among a few others, are currently being monitored as potentially hyperinflationary. This alert will be updated as further information becomes available.

Recent IFRIC decisions relating to hyperinflation

The IFRS Interpretations Committee (IFRIC) recently considered a number of accounting issues in relation to hyperinflation. They included:

- translating a hyperinflationary foreign operation and presenting exchange differences,
- accounting for cumulative exchange differences before a foreign operation becomes hyperinflationary, and
- presenting comparative amounts when a foreign operation first becomes hyperinflationary.

We encourage careful consideration of not only the IAS 29 issues noted above but also an issue they considered earlier this year, which was how to consolidate a non-hyperinflationary subsidiary by a hyperinflationary parent.



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