



香港會計師公會

HONG KONG SOCIETY OF ACCOUNTANTS

(Incorporated by the Professional Accountants Ordinance, Cap. 50)

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Financial Reporting in Hyperinflationary Economies

The Hong Kong Society of Accountants (HKSA) Financial Accounting Standards Committee (FASC) has issued an exposure draft of a proposed SSAP, Financial Reporting in Hyperinflationary Economies. Comments are requested to be received by 30 January 2003.

Pursuant to the HKSA's new standards setting due process, the FASC has a mandate to achieve convergence with the International Accounting Standards Board (IASB) standards. This Exposure Draft proposes that the SSAP, when finalised, will maintain conformity with the IASB's latest standards (IAS 29) on financial reporting in hyperinflationary economies.

Summary of the Exposure Draft

The main proposals in the Exposure Draft are as follows:

- Among other factors, hyperinflation is indicated when cumulative inflation over three years is 100 per cent or more.
- When the reporting currency is hyperinflationary:
 - Financial statements should be presented in a measuring unit that is current at the balance sheet date.
 - Comparative amounts for prior periods are also restated into the measuring unit at the current balance sheet date.
 - Any gain or loss on the net monetary position arising from the restatement of amounts into the measuring unit current at the balance sheet date should be included in net income and separately disclosed.

Introducing the exposure draft, Mr. Roger Best, FASC Chairman, commented,

“This proposed SSAP is important in the sense that it is required to complete the “jigsaw” for achieving full convergence of Hong Kong SSAPs with International Accounting Standards. In particular, in issuing the Hong Kong invitation to Comment on the IASB exposure draft, Improvements to IASs, the FASC has expressed its intention to adopt IASB proposed revised IAS 21, The Effects of Changes in Foreign Exchange Rate, which contains a number of cross references to IAS 29.”

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Issued by the HKSA. The HKSA is the only statutory licensing body of accountants in Hong Kong responsible for the regulation of the accounting profession, with over 20,000 members. The HKSA issues on a regular basis Professional Standards on various aspects of accounting practice, and these are required to be observed by professional accountants.

(For further information, please contact Ms. Florence Chan or Ms. Cynthia Lee of the Public Relations section of the HKSA on 2287 7228.)

