

## **APPLICATION OF THE ADJUSTMENT FOR INFLATION TO EMERGING MARKETS' FINANCIAL STATEMENTS**

The following information regarding legislation which rules or allows adjustment for inflation of emerging markets' financial statements was gathered from the authorities of those markets.

### **COUNTRIES THAT HAVE NOT ISSUED ANY REGULATION ON ADJUSTMENT FOR INFLATION OF FINANCIAL STATEMENTS, NEITHER FOR THE ISSUERS NOR FOR THE SECURITIES THEMSELVES:**

- 1.- KOREA
- 2.- CROACIA
- 3.- PHILIPPINES
- 4.- GUATEMALA
- 5.- HUNGARY
- 6.- INDONESIA
- 7.- JORDAN
- 8.- KAZAKASTAN
- 9.- LITHUANIA
- 10.- MALAYSIA
- 11.- MOROCCO
- 12.- MAURITIUS
- 13.- NIGERIA
- 14.- PANAMA
- 15.- PARAGUAY

16.- SRI LANKA

17.- THAILAND

18.- TAIWAN

19.- TUNISIA

20.- URUGUAY

**COUNTRIES THAT HAVE ISSUED LEGISLATION WHICH IMPLIES PARTIAL  
ADJUSTMENT FOR INFLATION OF FINANCIAL STATEMENTS:**

1.- COSTA RICA:

The College of Public Accountants of Costa Rica has issued a rule which constitutes a partial adjustment for inflation by applying a monetary adjustment index to inventories and fixed assets (property, plant and equipment).

2.- SLOVENIA:

By Decree N° 2649/93 the authority may apply partial adjustment for inflation to financial statements. Those adjustments are applied to different items considering their characteristics.

In case of hiperinflation, additional adjusted information is allowed, following guidelines that are very similar to those determined in IAS 29. It is considered that there is a situation of hiperinflation when the annual inflation exceeds the 40%. However, this information is not compulsory.

3.- TURKEY:

Makes annual re valuations of fixed assets and of credits and debts.

## **COUNTRIES THAT APPLY ADJUSTMENT FOR INFLATION TO FINANCIAL STATEMENTS**

### **1.- COLOMBIA:**

Applicable Law: national

Type of Adjustment: complete

Applicable Index: Medium Incomes Consumer Price Index

Adjustment destiny: Incomes Statement.

### **2.- ISRAEL:**

Applicable Law: national

Type of Adjustment: complete

Applicable Index: Consumer Price Index

Adjustment destiny: Income Statement.

### **3.- PERU:**

Applicable Law: national

Type of Adjustment: complete

Applicable Index: Wholesale Price Index

Adjustment destiny: Income Statement.

### **4.- POLAND:**

In case inflation during the last three years before the date of the concerned period was higher than 30% a year, the rectification of financial statements is required with the aid of an indicator that measures inflation.

5.- SOUTH AFRICA:

Applicable Law: international (IAS 29)

6.- VENEZUELA:

Applicable Law: national

Type of Adjustment: complete

Applicable Index: Consumer Price Index

Adjustment destiny: Incomes Statement.

**COUNTRIES WHICH USED TO APPLY BUT SUSPENDED THE ADJUSTMENT FOR INFLATION**

1.- ARGENTINA:

Applicable Law: national

Type of Adjustment: complete

Applicable Index: Wholesale Price Index

Adjustment destiny: Incomes Statement.

2.- BRAZIL:

Applicable Law: national

Type of Adjustment: complete

Applicable Index: Accountant Monetary Unit

Adjustment destiny: Incomes Statement.