

Ihre Ansprechpartner

Sehr geehrte Damen und Herren,

für Rückfragen zu der beigefügten Publikation „In brief“ zur Thematik „Accounting considerations for Venezuelan entities – update as of February 2016“ stehen Ihnen folgende Ansprechpartner gerne zur Verfügung:



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In brief

A look at current financial reporting issues

Accounting considerations for Venezuelan entities – update as of February 2016

No. INT2016-06
February 2016

This In brief supplements In brief INT2015-14, 'Accounting considerations for Venezuelan subsidiaries'.

Background

The Venezuelan government has maintained a regime of strict currency controls over recent years. On 17 February 2016, the Venezuelan government announced changes to the currency controls. The effective date is yet to be confirmed. The announced changes aim to simplify the exchange mechanisms currently in place.

Exchange rates in Venezuela

As of 31 December 2015, three legal exchange rates existed between the Venezuelan currency (VEF) and US dollars (USD), all of which met the definition of a spot rate in IAS 21, 'The effects of changes in foreign exchange rates'.

On 17 February 2016, the Venezuelan government announced a simplification of the exchange control mechanisms. The announced changes are as follows:

- CENCOEX is devaluated from 6.3 VEF / 1 USD to 10 VEF / 1 USD. From this date this rate is fixed.
- SICAD is eliminated.
- SIMADI is replaced by a new 'flotation' system. It is expected that this system will start at a rate of approximately 200 VEF / 1 USD; however, it would be necessary to wait for the new system to start operations to know the actual starting exchange rate.

The specific regulations addressing the new currency controls have not been officially published yet. Entities will need to carefully assess the new regulations, once available, to understand the impact they will have in their financial statements.

Effect on 31 December 2015 financial statements

Entities should not apply the new exchange rates announced in February 2016 to translate balances or net investments in Venezuelan operations at 31 December 2015. The introduction of the new system is a non-adjusting event under paragraph 10 of IAS 10. Entities should include the disclosures required by paragraph 21 of IAS 10 if the impact is material.

For accounting considerations as of 31 December 2015, please refer to *In brief INT2015-14, 'Accounting considerations for Venezuelan subsidiaries'*.

Effect on financial statements post February 2016

Entities will need to consider the new exchange mechanisms to reassess which official spot rate they should apply to translate balances or net investments in Venezuelan operations and the starting date when they should be applied.

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