



# STAFF PAPER

March 2020

## IFRS® Interpretations Committee meeting

<b>Project</b>	<b>Translation of a Hyperinflationary Foreign Operation (IAS 21 and IAS 29)</b>		
<b>Paper topic</b>	Comment letters on Tentative Agenda Decisions—Cover paper		
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### Introduction and purpose

1. The IFRS Interpretations Committee (Committee) received a submission about the application of the requirements in IAS 21 *The Effects of Changes in Foreign Exchange Rates* and IAS 29 *Financial Reporting in Hyperinflationary Economies*. The submission describes three matters arising when a reporting entity:
  - (a) presents its financial statements in a currency that is not the currency of a hyperinflationary economy;
  - (b) has a foreign operation whose functional currency is the currency of a hyperinflationary economy (hyperinflationary foreign operation); and
  - (c) in presenting its consolidated financial statements, translates the results and financial position of the hyperinflationary foreign operation into its presentation currency.
2. In September 2019, the Committee published three tentative agenda decisions related to those matters.

3. The objective of this series of papers is to:
  - (a) provide the Committee with a summary and analysis of feedback on the tentative agenda decisions; and
  - (b) ask the Committee whether it agrees with our recommendations to finalise those agenda decisions.
  
4. We have structured our analysis as follows:
  - (a) Agenda Paper 4A—Presenting Exchange Differences;
  - (b) Agenda Paper 4B—Cumulative Exchange Differences arising before a Foreign Operation becomes Hyperinflationary; and
  - (c) Agenda Paper 4C—Presenting Comparative Amounts when a Foreign Operation first becomes Hyperinflationary.