
IASB[®] Meeting

Date **June 2025**

Project **Translation to a Hyperinflationary Presentation Currency**

Topic **Cover paper**

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Introduction and objective

1. In July 2024, the International Accounting Standards Board (IASB) published the Exposure Draft [*Translation to a Hyperinflationary Presentation Currency*](#) (Exposure Draft), which proposed to amend IAS 21 *The Effects of Changes in Foreign Exchange Rates*. The comment period ended in November 2024.
2. In the Exposure Draft the IASB proposed:
 - (a) requiring an entity to translate its financial statements (or the results and financial position of a foreign operation), including comparatives, at the closing rate at the date of the most recent statement of financial position when:
 - (i) the entity has a non-hyperinflationary functional currency and presents its financial statements in a hyperinflationary presentation currency; and
 - (ii) the entity has a hyperinflationary presentation currency and translates the results and financial position of a foreign operation (translates a

foreign operation) that has a non-hyperinflationary functional currency.¹

- (b) requiring an entity that applies the proposed translation method to provide specific disclosures.
 - (c) requirements for when the economy of the entity's presentation currency ceases to be hyperinflationary.
 - (d) requiring a subsidiary that is permitted and elects to apply IFRS 19 *Subsidiaries without Public Accountability: Disclosures* (eligible subsidiaries) to provide specific disclosures.
 - (e) transition requirements.
3. At its [May 2025](#) meeting, the IASB discussed items (a)–(c) and tentatively decided to finalise the proposals in the Exposure Draft except for:
- (a) introducing an exception for entities described in paragraph 2(a)(ii) that have a hyperinflationary functional currency and apply IAS 29 *Financial Reporting in Hyperinflationary Economies*. Such entities would restate the comparative information of the foreign operation by applying the same change in the general price index as they apply to other corresponding figures, in accordance with IAS 29.²
 - (b) to require an entity that applies the exception in (a) to label the comparative summarised financial information of the foreign operations to show that the entity prepared the information by applying the same change in the general price index as it applied to other corresponding figures.

¹ The agenda papers for this meeting refer to this proposal as the 'proposed translation method'. We also use the terms 'hyperinflationary currency' and 'non-hyperinflationary currency' to describe the currencies of economies that are hyperinflationary and the currencies of economies that are not hyperinflationary.

² The agenda papers for this meeting refer to this tentative decision as 'the exception'.

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4. The objective of this meeting is to:
- (a) provide the IASB with our summary and analysis of feedback on:
 - (i) the proposed disclosure requirements for eligible subsidiaries;
 - (ii) transition requirements; and
 - (iii) effective date; and
 - (b) ask the IASB:
 - (i) if it agrees with our recommendations in these papers; and
 - (ii) for permission to begin the process for balloting the amendments.

Structure of papers for this meeting

5. The agenda papers for this meeting are:
- (a) Agenda Paper 12A in which we summarise and analyse feedback on the proposed disclosure requirements for eligible subsidiaries and transition requirements.
 - (b) Agenda Paper 12B in which we discuss the possible effective date and the due process steps to start the balloting process.
6. These agenda papers do not include feedback about drafting suggestions. We will consider this feedback in drafting any final amendments to IAS 21.