

---

**IASB<sup>®</sup> Meeting**

Date **May 2025**  
Project **Translation to a Hyperinflationary Presentation Currency**  
Topic **Cover paper**  
Contacts Braian Paoli ([bpaoli@ifrs.org](mailto:bpaoli@ifrs.org))  
Dennis Deysel ([ddeysel@ifrs.org](mailto:ddeysel@ifrs.org))

This paper has been prepared for discussion at a public meeting of the International Accounting Standards Board (IASB). This paper does not represent the views of the IASB or any individual IASB member. Any comments in the paper do not purport to set out what would be an acceptable or unacceptable application of IFRS<sup>®</sup> Accounting Standards. The IASB's technical decisions are made in public and are reported in the IASB<sup>®</sup> *Update*.

---

**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.<sup>1</sup>

- (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. The objective of this meeting is to:
- (a) provide the IASB with our summary and analysis of feedback on:
    - (i) project direction; and
    - (ii) the proposals summarised in paragraphs 2(a)–2(c); and
  - (b) ask the IASB if it agrees with our recommendations in these papers.
4. The agenda papers for this meeting do not summarise or analyse feedback on the proposals identified in paragraphs 2(d)–2(e). We plan to bring our summary and analysis of feedback on these aspects of the proposals to a future meeting. At that meeting, and if the IASB made all the necessary technical decisions, we also plan to recommend an effective date and ask the IASB permission to start the balloting process.

---

<sup>1</sup> 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.

---

## Summary of staff recommendation in this paper

5. We recommend that the IASB continue to work towards finalising the amendments proposed in the Exposure Draft and not include the accounting matter this project addresses as part of its broader considerations around a possible project on hyperinflation.

## Structure of papers for this meeting

6. In this agenda paper we:
- (a) provide an overview of the proposed amendments and the project background;
  - (b) provide an overview of feedback, including a summary of the sources of feedback and our assessment of the adequacy of the feedback; and
  - (c) summarise and analyse feedback on project direction.
7. In addition to this paper, the other papers for this meeting include:
- (a) Agenda Papers 12A and 12B in which we summarise and analyse feedback on the proposed translation method.
  - (b) Agenda Paper 12C in which we summarise and analyse feedback about the proposed disclosure requirements and requirements when the economy ceases to be hyperinflationary. We will present our summary and analysis of feedback on the proposed disclosure requirements for eligible subsidiaries at a future meeting.
8. These agenda papers do not include feedback about drafting suggestions. We will consider this feedback in drafting any final amendments to IAS 21.

---

## Structure of this paper

9. In this agenda paper we include:
- (a) background to the proposed amendments (paragraphs 10–12);
  - (b) overview of feedback (paragraphs 13–18);
  - (c) feedback, analysis and recommendations about the project direction (paragraphs 19–27); and
  - (d) question to the IASB (page 9).

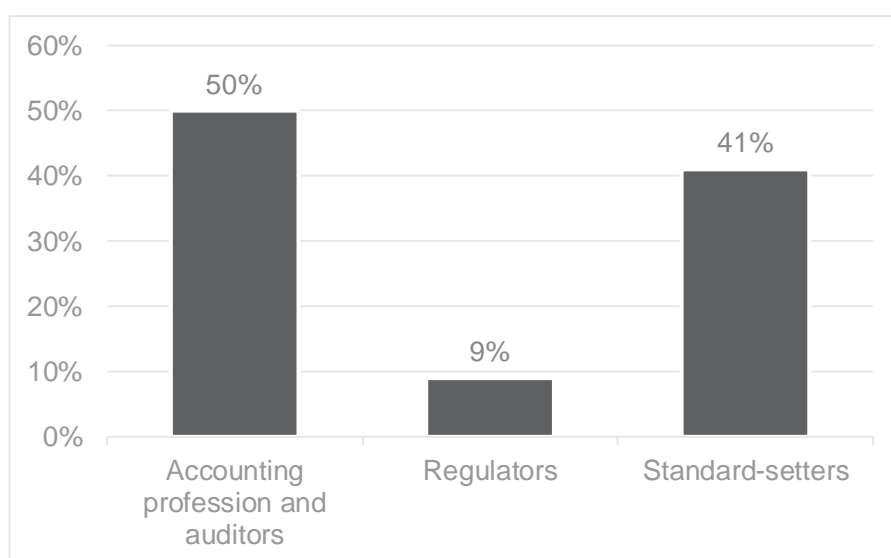
## Background to the proposed amendments

10. The IFRS Interpretations Committee (Committee) discussed a submission about the application of IAS 21 and IAS 29 *Financial Reporting in Hyperinflationary Economies*. After considering the submission and a related matter, the Committee recommended to the IASB the proposed translation method (see paragraph 2(a)). The Committee considered that the proposed translation method would improve the usefulness of the resulting information in a simple and cost-effective manner and removed existing diversity.
11. Limited feedback on the proposed translation method suggested it would be supported. Given the Committee's work, the IASB could address the accounting matter efficiently in this narrow-scope project. Consequently, the IASB developed the Exposure Draft which included the proposed amendments summarised in paragraph 2.
12. Paragraphs BC1–BC8 of the Exposure Draft include more information on the background to the proposed translation method. We reproduce these paragraphs as background information in the appendix to Agenda Paper 12A for this meeting.

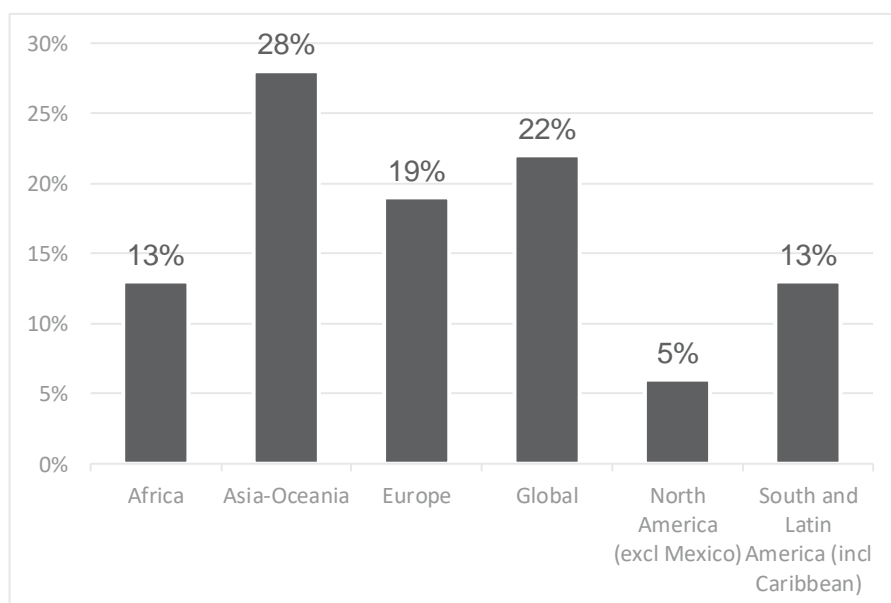
## Overview of feedback

13. We received 32 comment letters by the end of the comment period. The figures below group comment letters by type of stakeholder and by jurisdiction.

*Figure 1—Comment letters grouped by type of stakeholder*



*Figure 2—Comment letters grouped by jurisdiction*



- 
14. In addition to feedback from comment letters, we also met with four standard-setters to understand their comments and the feedback they have received from their stakeholders. We also observed a [presentation](#) by the FACPCE<sup>2</sup> at the December 2024 meeting of the Emerging Economies Group (EEG). Our summary of feedback in the agenda papers for this meeting includes feedback from comment letters and these meetings.
15. Many respondents agree with the proposed amendments with no concerns. Some respondents raise concerns about some aspects of the proposed amendments which are summarised in the relevant agenda papers for this meeting (or will be summarised in the relevant agenda papers in future meetings).

### ***Adequacy of the feedback***

16. We have not received direct feedback from preparers or users of financial statements (investors). However:
- (a) we are aware—through discussions with some standard-setters and from what they explain in their comment letters—that some of the standard-setters have obtained and incorporated feedback from preparers in their jurisdictions. Auditors have also provided insight into possible practical challenges entities might face in applying the proposed translation method and ways to address those challenges.
  - (b) it is not unusual to not receive direct feedback from investors on narrow-scope amendments. We note that in developing the proposals, the IASB received and considered input from a few investors. (We reported these findings in paragraph 17 of [Agenda Paper 12A](#) and paragraph 23 of [Agenda Paper 12B](#) of the IASB’s December 2024 meeting.)

---

<sup>2</sup> Federación Argentina de Consejos Profesionales de Ciencias Económicas

- 
17. We also note that while four respondents explicitly say they do not have direct experience with hyperinflation, many of the other respondents have direct experience with hyperinflation.
18. Consequently, we think the feedback is sufficient and provides an adequate basis for the IASB to redeliberate the proposed amendments. We do not plan to do further outreach on the proposed amendments.

## Project direction

### *Background*

19. Since publishing the Exposure Draft, horizon scanning<sup>3</sup> revealed other challenges and concerns about the application of IAS 29. At its [January 2025](#) meeting, the IASB discussed stakeholders' concerns and challenges related to applying IAS 29. At that meeting, the IASB considered hyperinflation accounting as a possible project to consult on as part of its Fourth Agenda Consultation.<sup>4</sup>
20. In addition, paragraph BC32 of the Basis for Conclusions on the Exposure Draft notes the IASB's view that if feedback on the Exposure Draft identifies significant matters not considered when developing the proposals—resulting in the need to invest substantial additional resources to complete this narrow-scope project—the IASB is likely to reconsider the project's priority.
21. Consequently, we first consider whether the IASB would be able to efficiently continue work on this project or whether it should defer the accounting matter this project addresses to a possible project on hyperinflation accounting which will be consulted on as part of the Fourth Agenda Consultation.

---

<sup>3</sup> The IASB regularly engages in horizon scanning to keep up to date with stakeholder concerns.

<sup>4</sup> [Agenda Paper 24](#) of the March meeting of the IASB included hyperinflation accounting as a potential project to describe in the Request for Information for the Fourth Agenda Consultation.

---

**Feedback summary**

22. Most respondents agree with the project direction and suggest finalising the proposed amendments. Respondents say that the proposed amendments would:
- (a) result in providing more useful information; and
  - (b) remove diversity in practice and improve comparability.
23. However, a few respondents say it would be more efficient to address concerns from stakeholders about IAS 29—including the accounting matter considered in this project—more comprehensively, even if doing so would take more time. These respondents say more holistic changes are required to IAS 29 (and the interaction of IAS 29 and IAS 21). One respondent says in the current economic environment, large economies are at risk of applying IAS 29. In their view IAS 29 is not operable in its current form and therefore, the IASB needs to prioritise reviewing IAS 29, and its interaction with IAS 21, more holistically.

**Staff analysis**

24. We acknowledge the challenges and concerns with applying IAS 29—and the interaction of that Standard with other IFRS Accounting Standards, like IAS 21 (see [Agenda Paper 8A](#) for the IASB’s January 2025 meeting). However, we think the IASB can and should continue working towards finalising the amendments proposed in the Exposure Draft and should not include the accounting matter this project addresses as part of its broader considerations around a possible project on hyperinflation.
25. In particular:
- (a) the proposals in this Exposure Draft, if finalised, would amend only IAS 21 and not IAS 29.
  - (b) challenges and concerns raised by stakeholders about the application of IAS 29 relate to situations in which an entity’s (or its foreign operation’s) *functional*



*currency* is hyperinflationary. This project considers a different situation—that is, one in which an entity’s *presentation currency* is hyperinflationary.

- (c) the outcome of any possible project on IAS 29 (if any) could be far in the future.

26. We also note that while some respondents have raised concerns about some aspects of the proposed amendments (which have been, or will be, analysed as part of this or future meetings), we think:

- (a) feedback has not identified significant matters not considered when developing the proposals; and
- (b) the IASB can efficiently resolve identified concerns without the need to invest substantial additional resources.

### ***Staff recommendation***

27. We include our recommendation for the topics covered in this paper in paragraph 5.

## **Question to the IASB**

### Question for the IASB

Does the IASB agree with our recommendation in paragraph 5?