
IASB® meeting

Date	February 2024
Project	Use of a Hyperinflationary Presentation Currency by a Non-hyperinflationary Entity (IAS 21)
Topic	Due Process requirements
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Introduction

1. As Agenda Paper 12J to this meeting explains, this paper:
 - (a) explains the steps in the [IFRS Foundation Due Process Handbook](#) (Due Process Handbook) that the International Accounting Standards Board (IASB) has taken in developing the proposed amendments to IAS 21 *The Effects of Changes in Exchange Rates*;
 - (b) seeks the IASB's permission to begin the process for balloting the forthcoming Exposure Draft; and
 - (c) asks whether any IASB member plans to dissent from the proposals in the forthcoming Exposure Draft.

Structure of this paper

2. This paper is structured as follows:
 - (a) due process requirements (paragraphs 4–5);
 - (b) due process steps undertaken during this period (paragraph 6);

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- (c) comment period (paragraph 7–8);
 - (d) permission to ballot and intention to dissent (paragraphs 9–10);
 - (e) proposed timetable for balloting and publication (paragraph 11); and
 - (f) questions to the IASB.
3. This paper includes one appendix—due process steps taken in developing the proposed amendments.

Due process steps for publishing an Exposure Draft

Due process requirements

4. Paragraphs 6.4 and 6.5 of the [Due Process Handbook](#) explain that:
- (a) the development of an exposure draft takes place in public meetings;
 - (b) the technical staff prepares agenda papers containing research and recommendations on matters to be addressed and considered by the IASB; and
 - (c) the IASB also considers the comments received on any discussion paper, suggestions made by consultative groups and accounting standard-setters, and suggestions arising from consultation with other stakeholders.
5. Paragraph 6.6 of the Due Process Handbook states:
- When the [IASB] has reached general agreement on the technical matters in the project and has considered the likely effects of the proposals (see paragraphs 3.76–3.81 [of the Due Process Handbook]), the technical staff presents a paper to the [IASB]:
- (a) summarising the steps that the [IASB] has taken in developing the proposals, including a summary of when the [IASB] discussed the project in public meetings, public hearings held, outreach activities and meetings of consultative groups;
 - (b) ...; and

- (c) recommending a comment period for the exposure draft.

Due process steps undertaken during the period

6. The appendix sets out the required due process steps in developing and publishing an Exposure Draft together with the current status of, and any planned action for, these steps.

Comment period

7. Paragraph 6.7 of the Due Process Handbook states that the IASB ‘normally allows a minimum period of 120 days for comment on an Exposure Draft’. However, if the matter is narrow in scope and urgent, the IASB may consider a shorter comment period.
8. The proposed amendments are narrow in scope but are not of such an urgent nature as to warrant a comment period of less than 120 days. We therefore recommend a comment period of 120 days, considering that the end of the comment period should not fall on a weekend.

Permission to ballot and intention to dissent

9. This paper demonstrates that the IASB has completed all the applicable due process steps to date for balloting the Exposure Draft. Consequently, we request permission to begin the balloting process.
10. In accordance with paragraph 6.9 of the Due Process Handbook, we also ask if any IASB member intends to dissent from the proposals in the Exposure Draft.

Proposed timetable for balloting and publication

11. We plan to begin the balloting process in the near future and expect to publish the Exposure Draft in the third quarter of 2024.

Questions for the IASB

1. **Comment period**—does the IASB agree with our recommendation to allow a comment period of 120 days for the Exposure Draft?
2. **Dissent**—does any IASB member intend to dissent from the proposals in the Exposure Draft?
3. **Permission to begin the process for balloting the Exposure Draft**—is the IASB satisfied that it has complied with the applicable due process steps and that it should begin the process for balloting the Exposure Draft?

Appendix—Due process steps taken in developing the proposed amendments

A1. The following table summarises the required due process steps taken in developing the proposed amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates* as set out in the paper. The table does not list all of the optional steps.

Step	Actions
IASB meetings held in public, with papers available for observers. All decisions made in public sessions	<p>The IASB discussed the matter at its meetings in December 2023 (see Agenda Paper 12A and 12B (December agenda papers) of that meeting) and this meeting.</p> <p>The IFRS Interpretations Committee (Committee) discussed the matter at its meetings in June 2022 (see Agenda Paper 2) and June 2023 (see Agenda Papers 5–5C).</p> <p>The project page on the IFRS Foundation website was updated after every meeting.</p> <p>Agenda papers were posted on the website before every meeting on a timely basis and a summary of each meeting was included in <i>IASB Update</i> or <i>IFRIC Update</i> as appropriate.</p>
Consultation with the Trustees of the IFRS Foundation (Trustees) and the IFRS Advisory Council	<p>The Trustees and Advisory Council will continue to be updated on the project as part of their discussions of the IASB’s technical activities.</p>
Analysis of likely effects of the forthcoming Exposure Draft or major amendment, for example, initial costs or ongoing associated costs	<p>The proposed amendments are narrow-in-scope and were developed in response to a submission to the Committee.</p> <p>The Committee identified diversity in accounting for the submitted fact pattern. Its research also identified questions about the usefulness and comparability of information resulting from applying the requirements in IAS 21 to the related matter. The proposed amendments would eliminate diversity in accounting for the submitted fact pattern and improve the usefulness of information provided in connection with both the submitted fact pattern and the related matter.</p> <p>Further and as set out in December agenda papers of the IASB’s December 2023 meeting:</p>

	<p>(a) the proposed amendments use a translation method that exists in IAS 21, is well understood and simple to apply. Consequently, while entities will incur costs to implement the solution, the implementation and ongoing costs are not expected to be substantial.</p> <p>(b) investors we spoke to during our research said they typically prefer translating figures back to a non-hyperinflationary currency for purposes of their analysis and were supportive of a solution that facilitated and simplified such a translation—the proposed amendments, in our view, provide such a solution.</p>
Outreach meetings with stakeholders	During the development of the proposals, we held outreach meetings with four large accounting firms, an organisation representing a group of national standard-setters, a regulator, two users of financial statements (investors) and a preparer. (See details in papers 5A of June 2023 Committee meeting)
Due process steps reviewed by the IASB	This step is being met by this agenda paper.
The forthcoming Exposure Draft has an appropriate comment period	This step is being met by this agenda paper—see paragraphs 7–8.
Drafting	
Drafting quality assurance steps are adequate	The IASB as well as the IFRS Foundation’s translations, editorial and taxonomy teams will review drafts during the balloting process.
Publication	
Exposure Draft published	We plan to make the Exposure Draft available on our website when published.
Press release to announce publication of the Exposure Draft	We plan to publish a press release on our website with the Exposure Draft.