

**Presenting Comparative Amounts when a Foreign Operation first becomes Hyperinflationary (IAS 21 *The Effects of Changes in Foreign Exchange Rates* and IAS 29 *Financial Reporting in Hyperinflationary Economies*)—March 2020**

The Committee received a request about the application of IAS 21 and IAS 29. In the fact pattern described in the request, the entity:

- a. has a presentation currency that is not the currency of a hyperinflationary economy as defined in IAS 29;
- b. has a foreign operation whose functional currency is the currency of a hyperinflationary economy as defined in IAS 29 (hyperinflationary foreign operation); and
- c. translates the results and financial position of the hyperinflationary foreign operation into its presentation currency in preparing its consolidated financial statements.

The request asked whether the entity restates comparative amounts presented for the foreign operation in:

- a. its annual financial statements for the period in which the foreign operation becomes hyperinflationary; and
- b. its interim financial statements in the year after the foreign operation becomes hyperinflationary, if the foreign operation was not hyperinflationary during the comparative interim period.

On the basis of responses to outreach, comment letters received and additional research, the Committee observed little diversity in the application of IAS 21 with respect to the questions in the request—in applying paragraph 42(b) of IAS 21, entities generally do not restate comparative amounts in their interim or annual financial statements in the situations described above. Therefore, the Committee has not obtained evidence that the matter has widespread effect. Consequently, the Committee decided not to add the matter to its standard-setting agenda.