



IASB proposes amendments regarding translations to a hyperinflationary presentation currency

25 July 2024

The International Accounting Standards Board (IASB) has published an exposure draft IASB/ED/2024/4 'Translation to a Hyperinflationary Presentation Currency (Proposed amendments to IAS 21)'. Comments are requested by 22 November 2024.

Background

In [June 2022](#), the IFRS Interpretations Committee (IFRS IC) discussed a request about the accounting applied by a parent, whose functional currency is the currency of a hyperinflationary economy, when it consolidates a subsidiary, whose functional currency is the currency of a non-hyperinflationary economy. Through research on this matter, the Committee also became aware of a related matter, where an entity that has a non-hyperinflationary functional currency presents its financial statements in hyperinflationary presentation currency.

The Committee decided to refer the matter to the IASB by recommending that the IASB develop a narrow-scope amendment that provides a relevant translation method applicable to address the original question asked to the Committee and the related matter. The IASB now proposes amendments to IAS 21 to address the matters.

Suggested changes

The proposed amendments in exposure draft IASB/ED/2024/4 *Translation to a Hyperinflationary Presentation Currency (Proposed amendments to IAS 21)* are:

- When an entity translates amounts from a functional currency that is the currency of a non-hyperinflationary economy to a presentation currency that is the currency of a hyperinflationary economy, the entity translates those amounts, including comparative amounts, using the closing rate at the date of the most recent statement of financial position; and
- the entity would have to disclose that it has applied the method, including summarised financial information about its foreign operations translated applying the proposed translation method; it would also have to disclose if the economy concerned ceased to be hyperinflationary.

The exposure draft also proposes that there should be no disclosure reliefs for entities applying IFRS 19 *Subsidiaries without Public Accountability: Disclosures*.

Comments on the proposed changes are requested by 22 November 2024.

Effective date and transition

The exposure draft does not specify an effective date for the amendments. The effective date will be decided when the IASB redeliberates the proposals. However, the exposure draft notes that entities would be required to apply the amendments retrospectively and would be permitted to apply them before the effective date.

Additional information

Please click for:

- [IASB press release](#)
- [Access to the exposure draft](#) on the IFRS Foundation website
- Our IAS Plus project page on [Use of a hyperinflationary presentation currency by a non-hyperinflationary entity](#)