



26 July 2024

To: **Members of the Hong Kong Institute of CPAs**  
**All other interested parties**

**INVITATION TO COMMENT ON THE IASB EXPOSURE DRAFT**  
**Translation to a Hyperinflationary Presentation Currency**  
**(Proposed amendments to IAS 21)**

***Comments to be received by 14 October 2024***

The Financial Reporting Standards Committee (FRSC) of the Hong Kong Institute of Certified Public Accountants (Institute) is seeking comments on the International Accounting Standards Board (IASB) Exposure Draft *Translation to a Hyperinflationary Presentation Currency (Proposed amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates)*. The Exposure Draft is available on the Institute's website:

<https://www.hkicpa.org.hk/en/Standards-setting/Standards/Open-for-comment-documents/fred>

In the situations where the reporting entity or the reporting entity's foreign operation has a functional currency that is the currency of a non-hyperinflationary economy and the reporting entity's presentation currency is the currency of a hyperinflationary economy, applying the requirements in IAS 21, the reporting entity translates income, expenses and comparative amounts at historical exchange rates. The IASB observed that in a hyperinflationary economy, money loses purchasing power at a rapid rate that information is generally useful only if it reflects a measure of current purchasing power of the currency. Applying the current requirements of IAS 21 does not always result in that outcome and in some cases has led to diversity in accounting practices.

To address this accounting issues, the IASB is proposing narrow-scope amendments to IAS 21 to introduce translation requirements for these entities to improve information for users of financial statements while being simple and cost-effective for entities to apply.

The FRSC invites your comments on the Exposure Draft by **14 October 2024** to allow your comments to be considered in developing its response to the IASB. Comments should be supported by specific reasoning and should be submitted in written form.

Comments may be sent by mail, fax or e-mail to:

Standard Setting Department  
Hong Kong Institute of Certified Public Accountants  
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213 Queen's Road East  
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Fax number (+852) 2865 6776  
E-mail: [commentletters@hkicpa.org.hk](mailto:commentletters@hkicpa.org.hk)

Comments will be acknowledged and may be made available for public review unless otherwise requested by the respondent.