Department for Business, Innovation, Science and Trade

UKEB
UK Endorsement Board

UK-Adopted International Accounting Standards

Translation to a Hyperinflationary Presentation Currency

Amendments to IAS 21

Accounting Standards issued at 1 January 2026

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Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates*

Paragraphs 39, 42, 44, 47 and 55 are amended. Paragraphs 41A–41B, 47A, 53A–53B, 54A and 60O–60P are added. New text is underlined and deleted text is struck through.

Use of a presentation currency other than the functional currency

Translation to the presentation currency

...

39 **When an entity's functional currency and presentation currency differ and are the currencies of non-hyperinflationary economies, the ~~The~~ results and financial position of the ~~an~~ entity ~~whose functional currency is not the currency of a hyperinflationary economy~~ shall be translated into the ~~a different~~ presentation currency using the following procedures:**

a) assets and liabilities for each statement of financial position presented (ie including comparatives) shall be translated at the closing rate at the date of that statement of financial position;

b) income and expenses for each statement presenting profit or loss and other comprehensive income (ie including comparatives) shall be translated at exchange rates at the dates of the transactions; and

c) all resulting exchange differences shall be recognised in other comprehensive income.

...

41A **When an entity's functional currency is the currency of a non-hyperinflationary economy but its presentation currency is the currency of a hyperinflationary economy, the results and financial position of the entity shall be translated into the presentation currency by translating all amounts (ie assets, liabilities, equity items, income and expenses, including comparatives) at the closing rate at the date of the most recent statement of financial position.**

41B When the economy whose currency is the entity's presentation currency ceases to be hyperinflationary and the entity's functional currency continues to be the currency of a non-hyperinflationary economy, the entity shall no

longer apply paragraph 41A and instead apply paragraph 39. The entity shall do so prospectively from the beginning of the reporting period in which the economy ceases to be hyperinflationary—ie the entity shall not retranslate amounts that arose before the beginning of the reporting period.

42 **When an entity's functional currency and presentation currency differ and the entity's functional currency is the currency of a hyperinflationary economy, the ~~The~~ results and financial position of the ~~an~~ entity ~~whose functional currency is the currency of a hyperinflationary economy~~ shall be translated into the ~~a different~~ presentation currency using the following procedures:**

a) **all amounts (ie assets, liabilities, equity items, income and expenses, including comparatives) shall be translated at the closing rate at the date of the most recent statement of financial position, except that**

b) **when amounts are translated into the currency of a non-hyperinflationary economy, comparative amounts shall be those that were presented as current year amounts in the relevant prior year financial statements (ie not adjusted for subsequent changes in the price level or subsequent changes in exchange rates).**

...

Translation of a foreign operation

44 Paragraphs 45–47A~~47~~, in addition to paragraphs 38–43, apply when the results and financial position of a foreign operation are translated into a presentation currency so that the foreign operation can be included in the financial statements of the reporting entity by consolidation or the equity method.

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47 **Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation shall be treated as assets and liabilities of the foreign operation. Thus they shall be expressed in the functional currency of the foreign operation and shall be translated at the closing rate in accordance with paragraphs 39, 41A and 42.**

47A **When an entity's functional currency and presentation currency are the currency of a hyperinflationary economy (or are the currencies of different hyperinflationary economies) and the entity translates the results and financial position of a foreign operation whose functional currency is that of a non-hyperinflationary economy, the entity shall not apply paragraph 41A to the comparative amounts of that foreign operation. Instead, the entity shall restate the comparative amounts of that foreign operation included in the**

entity's previously issued financial statements by applying the general price index it applies to corresponding figures for the previous reporting period in accordance with paragraph 34 of IAS 29.

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Disclosure

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53A **When an entity applies paragraph 41A to translate its results and financial position or the results and financial position of a foreign operation, the entity shall disclose the fact that all amounts (ie assets, liabilities, equity items, income and expenses and, if not applying paragraph 47A, comparatives) in its financial statements, or the results and financial position of its foreign operations, have been translated at the closing rate at the date of the most recent statement of financial position.**

53B **When an entity's functional currency is that of a hyperinflationary economy, and that entity applies paragraphs 41A and 47A to translate the results and financial position of its foreign operations, the entity shall disclose summarised financial information about its foreign operations that enables users of financial statements to assess the effect of these foreign operations on the entity's results and financial position. The entity shall label the comparative summarised financial information about its foreign operations to identify that the entity prepared the information by applying the general price index it applies to corresponding figures for the previous reporting period in accordance with paragraph 34 of IAS 29.**

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54A **When an entity applies paragraph 41B, the entity shall disclose the fact that its presentation currency has ceased to be the currency of a hyperinflationary economy.**

55 **When an entity presents its financial statements in a currency that is different from its functional currency, it shall describe the financial statements as complying with IFRSs only if they comply with all the requirements of IFRSs including the translation method set out in paragraphs 39, 41A, ~~and~~ 42 and 47A.**

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Effective date and transition

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60O *Translation to a Hyperinflationary Presentation Currency*, issued in November 2025, added paragraphs 41A–41B, 47A, 53A–53B, 54A and 60P and amended paragraphs 39, 42, 44, 47 and 55. An entity shall apply those amendments for annual reporting periods beginning on or after 1 January 2027. Earlier application of the amendments is permitted. If an entity applies the amendments for an earlier period, it shall disclose that fact.

60P In applying *Translation to a Hyperinflationary Presentation Currency*:

a) an entity, whose functional currency and presentation currency are the currency of a hyperinflationary economy (or are the currencies of different hyperinflationary economies) and that translates the results and financial position of foreign operations whose functional currency is that of a non-hyperinflationary economy, shall:

(i) apply the amendments from the beginning of the annual reporting period in which it first applies the amendments;

(ii) restate the comparative amounts of its foreign operations included in the entity's previously issued financial statements by applying the general price index it applies to corresponding figures in accordance with paragraph 34 of IAS 29; and

(iii) disclose comparative summarised financial information about its foreign operations and label such information to identify that the entity prepared the information by applying (ii).

b) except as specified in (a), an entity shall apply the amendments retrospectively in accordance with IAS 8; and

c) an entity is not required to disclose the information that would otherwise be required by paragraph 28(f) of IAS 8. Similarly, an entity that applies IFRS 19 *Subsidiaries without Public Accountability: Disclosures* is not required to disclose the information that would otherwise be required by paragraph 178(f) of IFRS 19.

Amendments to other IFRS Accounting Standards

IFRS 19 *Subsidiaries without Public Accountability: Disclosures*

Paragraphs 219A–219B, 220A and A4A are added. New text is underlined.

Disclosure requirements

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IAS 21 *The Effects of Changes in Foreign Exchange Rates*

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219A When an entity applies paragraph 41A of IAS 21 to translate its results and financial position or the results and financial position of a foreign operation, the entity shall disclose the fact that all amounts (ie assets, liabilities, equity items, income and expenses and, if not applying paragraph 47A of IAS 21, comparatives) in its financial statements, or the results and financial position of its foreign operations, have been translated at the closing rate at the date of the most recent statement of financial position.

219B When an entity's functional currency is that of a hyperinflationary economy, and that entity applies paragraphs 41A and 47A of IAS 21 to translate the results and financial position of its foreign operations, the entity shall disclose summarised financial information about its foreign operations. The entity shall label the comparative summarised financial information about its foreign operations to identify that the entity prepared the information by applying the general price index it applies to corresponding figures for the previous reporting period in accordance with paragraph 34 of IAS 29.

...

220A When an entity applies paragraph 41B of IAS 21, the entity shall disclose the fact that its presentation currency has ceased to be the currency of a hyperinflationary economy.

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Appendix A—Effective date and transition

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Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates*

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A4A *Translation to a Hyperinflationary Presentation Currency*, issued in November 2025, amended IAS 21 *The Effects of Changes in Foreign Exchange Rates* and added paragraphs 219A–219B and 220A. The transition requirements for paragraphs 219A–219B and 220A are set out in paragraph 60P of IAS 21. An entity shall apply these amendments when it applies the amendments to IAS 21.

IAS 29 *Financial Reporting in Hyperinflationary Economies*

Paragraphs 8 and 34 are amended. New text is underlined and deleted text is struck through.

The restatement of financial statements

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8 The financial statements of an entity whose functional currency is the currency of a hyperinflationary economy, whether they are based on a historical cost approach or a current cost approach, shall be stated in terms of the measuring unit current at the end of the reporting period. The corresponding figures for the previous period required by IFRS 18 *Presentation and Disclosure in Financial Statements* and any information in respect of earlier periods shall also be stated in terms of the measuring unit current at the end of the reporting period. For the purpose of presenting comparative amounts in a different presentation currency, paragraphs 41A, 42(b), ~~and~~ 43 and 47A of IAS 21 *The Effects of Changes in Foreign Exchange Rates* apply.

...

Corresponding figures

34 Corresponding figures for the previous reporting period, whether they were based on a historical cost approach or a current cost approach, are restated by applying a general price index so that the comparative financial statements are presented in terms of the measuring unit current at the end of the reporting period. Information that is disclosed in respect of earlier periods is also expressed in terms of the measuring unit current at the end of the reporting period. For the purpose of presenting comparative amounts in a different presentation currency, paragraphs 41A, 42(b), ~~and~~ 43 and 47A of IAS 21 apply.