

Wayne Upton
Chairman
IFRS Interpretations Committee
30 Cannon Street
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20 November 2013

Dear Mr. Upton

**Tentative agenda decision - IAS 29 *Financial Reporting in Hyperinflationary Economies*:
Applicability of the concept of financial capital maintenance defined in terms of constant
purchasing power units**

Deloitte Touche Tohmatsu Limited is pleased to respond to the IFRS Interpretations Committee's publication in the September IFRIC Update of the tentative decision not to take onto the Committee's agenda a request for clarification of whether an entity is permitted to use the financial capital maintenance concept defined in terms of constant purchasing power units when the entity's functional currency is not the currency of a hyperinflationary economy and, if so, whether IAS 29 *Financial Reporting in Hyperinflationary Economies* needs to be applied when the entity falls within the scope of that standard.

We agree with the statement in the tentative agenda decision that the Conceptual Framework cannot be used to override the requirements of individual IFRSs. However, the conclusion reached on use of the capital maintenance concept depends upon an assumption that IAS 29 prohibits the use of inflation accounting when an entity's functional currency is not the currency of a hyperinflationary economy. We note that IAS 29 is not explicit on this point and we are aware of a body of opinion (particularly in economies subject to high inflation) that IAS 29 does not restrict the use of inflation accounting in this way. On this basis, we believe that an amendment to IAS 29 through the Annual Improvements Project to state this restriction explicitly would provide additional clarity in this area.

If you have any questions concerning our comments, please contact Veronica Poole in London at +44 (0)20 7007 0884.

Yours sincerely



Veronica Poole
Global IFRS Leader