

25 November 2019

Sue Lloyd
Chair
IFRS Interpretations Committee
Columbus Building
7 Westferry Circus
Canary Wharf
London
United Kingdom
E14 4HD

Dear Ms Lloyd

Tentative agenda decision – Cumulative Exchange Differences before a Foreign Operation becomes Hyperinflationary (IAS 21 *The Effects of Changes in Foreign Exchange Rates* and IAS 29 *Financial Reporting in Hyperinflationary Economies*)

Deloitte Touche Tohmatsu Limited is pleased to respond to the IFRS Interpretations Committee's publication in the September 2019 IFRIC Update of the tentative decision not to take onto the Committee's agenda the request for clarification on whether, at the beginning of the period during which its foreign operation becomes hyperinflationary, an entity reclassifies within equity the cumulative pre-hyperinflation exchange differences.

We agree with the IFRS Interpretations Committee's decision not to add this item onto its agenda for the reasons set out in the tentative agenda decision.

We suggest the following editorial changes (blacklined) to the penultimate paragraph of the tentative agenda decision to reflect more precisely the requirements of IAS 21

*Accordingly, the Committee concluded that, in the fact pattern described in the request, the entity retains the cumulative pre-hyperinflation exchange differences as a separate component of equity (to which paragraphs 48 **to 49** of IAS 21 applies) until disposal **or partial disposal** of the foreign operation. The entity does not reclassify within equity the cumulative pre-hyperinflation exchange differences when the foreign operation becomes hyperinflationary.*

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