

## RE-DIRECTIVE ON IAS 29 FINANCIAL REPORTING IN HYPERINFLATIONARY ECONOMIES

As a follow-up to the directive on IAS 29 Financial Reporting in Hyperinflationary Economies, issued on 12<sup>th</sup> February, 2024, Institute of Chartered Accountants, Ghana (ICAG) hereby informs practitioners and preparers of financial statements that, for the December 2025 financial reporting period:

- a. Accountants in practice should not include a reference to the ICAG directive on the applicability of IAS 29 in the Opinion and Basis for Opinion sections of the independent auditor's report.
- b. Preparers of financial statements should not include additional information relating to the ICAG directive on hyperinflation in the Basis of Preparation section of the notes to the financial statements.
2. This decision follows improvements in the macroeconomic indicators used in assessing whether or not a country is in a hyperinflationary period, in line with IAS 29.
3. Data from the Ghana Statistical Service indicates that Ghana's inflation remained stable and trended downward throughout 2025, with an average inflation rate of 14.58%.
4. The Bank of Ghana is predicting headline inflation in 2026 to be within the lower bound of the medium-term target of 8%  $\pm$  2% (i.e., 6%-10%). (Bank of Ghana Monetary Policy Committee Decision Submissions by Members, November 2025).

6. This divergence can happen when inflation is very high earlier in the three-year window (lifting annual averages), but falls sharply by the end (lower end-of-period rate), as seen in the reported disinflation into Dec 2025 as illustrated above.

7. Based on the foregoing analysis, ICAG confirms that IAS 29 Financial Reporting in Hyperinflationary Economies will not be applicable for the December 2025 financial reporting period, as Ghana's economy is not considered to be hyperinflationary within that period.

8. Accordingly, ICAG does not expect wording of audit opinions to be issued on 2025 year-end financial statements to be modified.

9. Accountants in business and accountants in practice are required to take note of this directive and comply accordingly.

10. Comments or views from stakeholders can be shared through the following contact details:

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### ISSUED BY COUNCIL OF ICAG

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#### Ghana — Monthly Headline Inflation (Year-on-Year), 2025 (%)

JAN	FEB	MAR	APR	JUL	AUG	SEP
23.50	23.10	22.40	21.20	12.10	11.50	9.40
OCT	NOV	DEC	AVG			
8.00	6.30	5.40	14.58			

**Source: Ghana Statistical Service 2025 Monthly CPI Bulletin**

5. IAS 29.3(e) notes that one quantitative indicator of hyperinflation is when the cumulative inflation rate over a three (3) year period is approaching, or exceeds, 100%, assessed together with qualitative indicators. Using Ghana Statistical Service CPI year-end inflation (Dec/Dec) for Dec 2023 (23.2%), Dec 2024 (23.8%) and Dec 2025 (5.4%), the compounded three-year cumulative inflation is approximately 60.8%. Using an average-for-period CPI approach, (2023: 40.3%, 2024: 22.9%, 2025: 14.6%) the compounded three-year cumulative inflation is approximately 97.6%, which is approaching 100%.

### About ICAG

Institute of Chartered Accountants, Ghana (ICAG) was established by an Act of Parliament, the Chartered Accountants Act 1963, (Act 170). On the passage of the Institute of Chartered Accountants, Ghana, Act, 2020 (Act 1058) on 29th December 2020, Act 170 was repealed.

The object of the Institute is to promote the study of accountancy; to regulate the accountancy profession and practice and to provide for related matters. Section 127 (5) b of the Companies Act, 2019 (Act 992), also requires companies to prepare their financial statements in compliance with International Financial Reporting Standards as adopted by Institute of Chartered Accountants, Ghana, or any other standards approved or adopted by the Institute.

ICAG therefore has the regulatory mandate to approve, adopt, and promote the implementation of standards and its members are the only persons recognized under the Companies Act, 2019 (Act 992) to audit company accounts.