



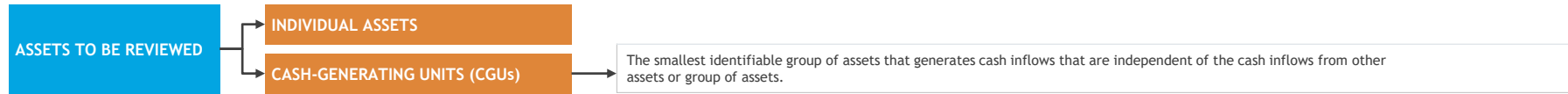
IFRS AT A GLANCE
IAS 36 *Impairment of Assets*



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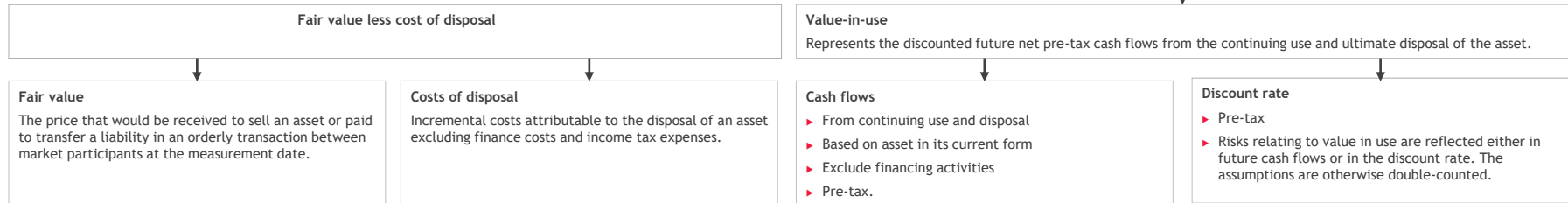
SCOPE

All assets, except: inventories, contract assets and assets arising from costs to obtain or fulfill a contract, deferred tax assets, employee benefits, financial assets, investment property measured at fair value, biological assets, insurance contract assets, and non-current assets held for sale.



IMPAIRMENT = Carrying Amount > Recoverable Amount

RECOVERABLE AMOUNT = Higher of fair value less costs of disposal and value in use





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WHEN TO TEST FOR IMPAIRMENT?

When there is an indicator of impairment.
Indicators are assessed at each reporting date.

INTERNAL INDICATORS

- ▶ Evidence of obsolescence or physical damage
- ▶ Discontinuance, disposal or restructuring plans
- ▶ Declining asset performance.

EXTERNAL INDICATORS

- ▶ Significant decline in market value
- ▶ Changes in technological, market, economic or legal environment
- ▶ Changes in interest rates
- ▶ Carrying amount of the net assets of the entity is more than its market capitalisation.

ANNUAL IMPAIRMENT TESTS

Compulsory for:

- ▶ Intangible assets with an indefinite useful life
- ▶ Intangible assets not yet available for use
- ▶ CGUs to which goodwill has been allocated.

WHEN TO REVERSE IMPAIRMENT?

Individual asset - recognise in profit and loss unless asset carried at revalued amount.

CGUs - allocated to assets of CGUs on a pro-rata basis.

Goodwill - Impairment of goodwill is never reversed.

INTERNAL INDICATORS

- ▶ Changes in way asset is used or expected to be used
- ▶ Evidence from internal reporting indicates that economic performance of the asset will be better than expected.

EXTERNAL INDICATORS












- ▶ Observable indications for significant increase in assets value
- ▶ Changes in technological, market, economic or legal environment
- ▶ Market interest rates have decreased.

Contact

For further information about how BDO can assist you and your organisation, please get in touch with one of our key contacts listed below.

Alternatively, please visit www.bdo.global where you can find full lists of regional and country contacts.



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