Appendix 1 - Suggested changes

The suggested changes (in bold red underline) to paragraphs 130(e), 130(f)(ii), 130(g), 134(e)(iiA) and IE90 are as follow:

130 An entity shall disclose the following for each impairment loss recognised or reversed during the period for an individual asset, including goodwill, or a cash-generating unit:

... 
(e) the recoverable amount of the impaired asset individual asset, including goodwill, or a cash-generating unit and whether the recoverable amount of the asset (cash-generating unit) is its fair value less costs of disposal or its value in use.

(f) if recoverable amount is fair value less costs of disposal, the basis used to measure fair value less costs of disposal (such as whether fair value was measured by reference to a quoted price in an active market for an identical asset), an entity shall disclose the following information:

(i) a description of the valuation technique(s) used to measure fair value less costs of disposal. If there has been a change in valuation technique, an entity shall disclose that change and the reason(s) for making it;

(ii) the level of the fair value hierarchy (see IFRS 13) within which the fair value measurement of the asset is categorised in its entirety (without taking into account whether the ‘costs of disposal’ are observable); and

(iii) for fair value measurements categorised within Levels 2 and 3 of the fair value hierarchy, each key assumption on which management has based its determination of fair value less costs of disposal. Key assumptions are those to which the asset’s (cash-generating unit’s) recoverable amount is most sensitive and include the discount rate(s) used in the measurement if fair value less costs of disposal is measured using a present value technique. An entity shall also disclose the discount rate used in the previous measurement (if any).

An entity is not required to provide the disclosures required by IFRS 13.

(g) if recoverable amount is value in use, each key assumption on which management has based its determination of value in use. Key assumptions are those to which the asset’s (cash-generating unit’s) recoverable amount is most sensitive and include the discount rate(s) used in the current estimate and previous estimate (if any) of value in use

134 An entity shall disclose the information required by (a)–(f) for each cash-generating unit (group of units) for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit (group of units) is significant in comparison with the entity’s total carrying amount of goodwill or intangible assets with indefinite useful lives:

... 
(c) the recoverable amount of the unit (or group of units) and the basis on which the unit’s (group of units’) recoverable amount has been determined (ie value in use or fair value less costs of disposal).

... 
(e) if the unit’s (group of units’) recoverable amount is based on fair value less costs of disposal, the valuation technique(s) used to measure fair value less costs of disposal. An entity is not required to provide the disclosures required by IFRS 13. If fair value less costs of disposal is not measured using a quoted price for an identical unit (group of units), an entity shall disclose the following information:

(iiA)the level of the fair value hierarchy (see IFRS 13) within which the fair value measurement is categorised in its entirety (without taking into account whether the giving regard to the observability of ‘costs of disposal’ are observable).

... 

Example 10 Disclosures about fair value less costs of disposal

The purpose of this example is to illustrate the disclosures required by paragraphs 130(b) and 130(f)(ii) of IAS 36.

IE90 If the recoverable amount of an individual asset, including goodwill, or a cash-generating unit for which an impairment loss is recognised, or reversed during the reporting period, is fair value less costs of disposal, IAS 36 requires an entity to disclose the level of the fair value hierarchy within which the fair value measurement of the asset is categorised in its entirety (without taking into account whether the ‘costs of disposal’ are
observable). An entity might disclose the following information to comply with paragraphs 130(b) (which requires disclosure of the amount of an impairment loss or reversal) and 130(f)(ii) of the IAS 36:

<table>
<thead>
<tr>
<th>Description</th>
<th>31/12/X9</th>
<th>Recoverable amount (based on fair value less costs of disposal) at the end of the reporting period using</th>
<th>Impairment recognised during the period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Quoted prices in active markets for identical assets (Level 1)</td>
<td>Significant other observable inputs (Level 2)</td>
</tr>
<tr>
<td>Land^a</td>
<td>75</td>
<td>75</td>
<td>(25)</td>
</tr>
<tr>
<td>Goodwill. Cash generating unit 1^b</td>
<td>30 250</td>
<td>30 250</td>
<td>(35)</td>
</tr>
</tbody>
</table>

(a) In accordance with IAS 36, land with a carrying amount of CU100 million has been written down to its fair value less costs of disposal of CU75 million, resulting in an impairment loss of CU25 million, which was included in other expenses in profit or loss for the period.

(b) In accordance with IAS 36, goodwill with a carrying amount of CU65 million has been allocated to cash generating unit 1 with a pre-impairment carrying amount of CU285 million. The recoverable amount of cash generating unit 1 has been determined based on its fair value less costs of disposal. As the carrying amount of cash generating unit 1 exceeds its recoverable amount, the carrying amount of the goodwill has been written down to its implied fair value less costs of disposal of CU30 million in accordance with paragraph 104(a) of IAS 36, resulting in an impairment loss of CU35 million, which was included in other expenses in profit or loss for the period.

^The description of the cash-generating unit should be consistent with that disclosed in accordance with paragraph 130(d)(i) of IAS 36.