

International Accounting Standards Board
1st Floor 30 Cannon Street
London EC4M 6XH
United Kingdom

Dear Sirs,

RESPONSE TO EXPOSURE DRAFT – RECOVERABLE AMOUNT DISCLOSURES FOR NON-FINANCIAL ASSETS

The Institute of Certified Public Accountants of Singapore (ICPAS) appreciates the opportunity to comment on the above exposure draft (ED) issued by the International Accounting Standards Board (IASB) in January 2013.

Our comments on the proposed amendments in the ED are as follows:

Question 1:

The IASB proposes to remove the requirement in paragraph 134(c) to disclose the recoverable amount of 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 when compared to the entity's total carrying amount of goodwill or intangible assets with indefinite useful lives. In addition, the IASB proposes to amend paragraph 130 to require an entity to disclose the recoverable amount of an individual asset (including goodwill) or a cash-generating unit for which the entity has recognised or reversed an impairment loss during the reporting period.

Do you agree with the proposed amendments? If not, why and what alternative do you propose?

We agree with the proposed amendments. Our view is that it is appropriate to remove the requirement in paragraph 134(c) as described in the question, given that the requirement was not originally intended by the IASB. We also believe that it is more relevant to disclose the recoverable amount of a cash-generating unit for which an impairment loss has been recognised or reversed during the reporting period.

However, we recommend that the wording in paragraph 130(e) be improved to clarify that the disclosures are for an individual asset, including goodwill, or a cash-generating unit. The suggested changes are included in Appendix 1.

Question 2:

The IASB also proposes to include in paragraph 130 the requirement to disclose the following information about the fair value less costs of disposal of an individual asset (including goodwill) or a cash-generating unit for which the entity has recognised or reversed an impairment loss during the reporting period:

- a) the valuation technique(s) used to measure fair value less costs of disposal and, if there has been a change in the valuation technique, that change and the reason(s) for making it;**
- b) 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); and**
- c) for fair value measurements that are categorised within Levels 2 and 3 of the fair value hierarchy, the key assumptions used in the measurement.**

Do you agree with the proposed amendments? If not, why and what alternative do you propose?

We agree with the proposed amendments. The proposed disclosure requirements are consistent with those required under IFRS 13 and will enhance the quality of financial information provided to users of financial statements.

However, we recommend that the wording in paragraph 130(f)(ii) be improved to clarify that the disclosures are for an individual asset, including goodwill, or a cash-generating unit. The suggested changes are included in Appendix 1.

Question 3:

The IASB proposes that the amendments should be applied retrospectively for annual periods beginning on or after 1 January 2014. The IASB also proposes to permit earlier application, but will not require an entity to apply those amendments in periods (including comparative periods) in which the entity does not also apply IFRS 13.

Do you agree with the proposed transition method and effective date? If not, why and what alternative do you propose?

We agree with the proposed transition method and effective date.

Question 4:

Do you have any other comments on the proposals?

1. The proposed Example 10 in IE90 illustrates a fair value hierarchy disclosure as required by paragraph 130(f)(ii). In the example, goodwill is illustrated as being written down to its “implied fair value”. Under IAS 36, goodwill is not impaired based on its “implied fair value”. As IAS 36 does not contain this concept of “implied fair value of goodwill”, the example as currently drafted is not suitable for IAS 36 purposes. Therefore, we suggest modifying the example to be consistent with IAS 36 requirements. The suggested modifications are included in Appendix 1.
2. The Board has been amending or proposing to amend IAS 36 in recent years to harmonise the disclosures for value in use (VIU) and fair value less costs of disposal (FVLCOD). Whilst we understand that the intention of adding the additional disclosure requirements in paragraph 130(f) is to align the disclosures about the fair value of impaired assets under IFRS with the disclosures under US GAAP, we are concerned that sufficient consideration has not been given to ensure that the amendments do not give rise to inconsistencies between the disclosure requirements for VIU and FVLCOD.

In this respect, we believe that the requirement to disclose key assumptions in paragraph 130(f)(iii) is equally relevant to a VIU measurement and accordingly, we recommend the same information be disclosed for VIU measurement. The rationale is:

- (a) A VIU measurement is as subjective as a level three fair value measurement. Hence, the disclosure of key assumptions would certainly increase the level of transparency and provide users with relevant information to assist them in assessing the reliability of the VIU estimate.
- (b) By requiring the same information to be disclosed, the risk of having to amend IAS 36 again later to achieve harmonisation is eliminated.

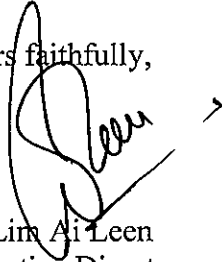
The suggested changes to paragraph 130 (g) are included in Appendix 1.

3. Existing Paragraph 134(e)(iiA) currently requires the disclosure of the fair value hierarchy, but for a different purpose. This paragraph is similar to the newly added Paragraph 130(f)(ii). Editorial changes have been made to Paragraph 130(f)(ii). Hence, we suggest amending existing Paragraph 134(e)(iiA) to align the wording with the revised wording in Paragraph 130(f)(ii). The suggested changes to paragraph 134(e)(iiA) are included in Appendix 1.

Other than the above, we have no other comments.

Should you require any further clarification, please feel free to contact Mr Benjamin Oh, Manager, Technical Standards Development and Advisory, from ICPAS via email at benjamin.oh@icpas.org.sg.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Lim Ai Leen', with a small arrow pointing to the right.

Ms Lim Ai Leen
Executive Director
Technical Knowledge Centre and Quality Assurance