

Impairment indicator assessment – how the indicators are intended to be applied

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Disclaimer

The views and opinions expressed in this presentation are those of the individual. Official positions of the ASB on accounting matters are determined only after extensive due process and deliberation.

Impairment assessment at each reporting date

Assess at each reporting date whether impairment indicator is triggered before calculating if there is an impairment loss

Apply one of the following Standards:

- GRAP 21 on *Impairment of Non-cash-generating Assets*; or
- GRAP 26 on *Impairment of Cash-generating Assets*



Listen to the recording: Distinguishing cash-generating from non-cash-generating assets for impairment

Indications of impairment

- Two broad sources – external and internal
- **NB** Apply judgement
- Impairment list in GRAP 21 & GRAP 26 not exhaustive
- Indications can be read together - perform impairment calculation if any one of indications triggered
- Indicators include:

Cessation or decline in demand or need for services

Significant long-term changes with adverse effect

Asset's market value declined



Indications of impairment (cont)

Market rate increases effecting discount rate

Obsolescene or physical damage

Significant long-term changes affecting asset

Decision to halt construction before completion or in unusable condition

Performance of asset is or will be significantly worse than expected



Impairment indicator triggered or not?

NO



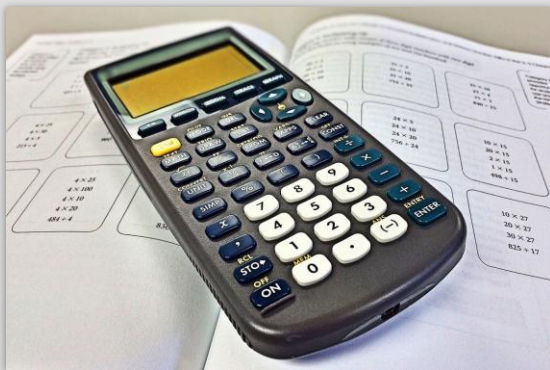
No formal calculation of impairment EXCEPT intangible assets with indefinite useful life or those not yet available for use

YES



Formal calculation

- GRAP 21 – carrying amount versus recoverable service amount
- GRAP 26 – carrying amount versus recoverable amount



Other information

- FAQ 3.20 – When and how should entities assess for impairment in terms of GRAP 21 or GRAP 26?





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