



# Memorandum

<b>To:</b>	<b>Board Members</b>	<b>Date:</b>	20 August 2013
<b>From:</b>	<b>Lisa Panetta</b>	<b>Agenda Item:</b>	16.1
<b>Subject:</b>	<b>Tier 2 Supplement to ED 235 - Recoverable Amount Disclosures from Non-Financial Assets</b>	<b>File:</b>	

## Action

Consider the following with a view to providing staff with directions for finalising Tier 2 disclosure requirements for AASB 2013-3 *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*:

- (a) constituent feedback received in regard to [Exposure Draft Tier 2 Supplement to ED 235 Recoverable Amount Disclosures for Non-Financial Assets](#)<sup>1</sup> and
- (b) implications for Tier 2 disclosures arising from differences between the disclosures in ED 235 and Amending Standard AASB 2013-3.

## Attachment

Agenda Paper 16.2 Submission received on Tier 2 Supplement to ED 235.

## Overview

### Constituent Feedback

- 2 The AASB received one submission in response to AASB Exposure Draft Tier 2 Supplement to ED 235 (Agenda Paper 16.2). The submission agreed with the proposals.

### Differences between ED 235 and AASB 2013-3

- 3 [AASB Amending Standard AASB 2013-3](#)<sup>2</sup> reflected several amendments to the proposed disclosures in ED 235 (IASB Exposure Draft ED/2013/1).
- 4 Staff do not consider the changes made between the ED and AASB 2013-3 to be significant, and did not result in any additional disclosure requirements. The amendments are largely a rearrangement of the proposed requirements from one part of AASB 136 paragraph 130 to another part of the same paragraph. Minor changes have also been made to the wording of the disclosure requirements.
- 5 Outlined below is an extract from Exposure Draft Tier 2 Supplement to ED 235 marked up for differences between the disclosures proposed in ED 235 and the final disclosures required in Amending Standard AASB 2013-3 (new text is underlined and deleted text is struck through)<sup>3</sup>:

1 [http://www.aasb.gov.au/admin/file/content105/c9/ACCED\\_235\\_05-13\\_Tier2Supp.pdf](http://www.aasb.gov.au/admin/file/content105/c9/ACCED_235_05-13_Tier2Supp.pdf)

2 [http://www.aasb.gov.au/admin/file/content105/c9/AASB2013-3\\_06-13.pdf](http://www.aasb.gov.au/admin/file/content105/c9/AASB2013-3_06-13.pdf)

3 Note that the mark up does not reflect changes to the paragraphs that did not change the disclosure requirements. For example, rearrangement of disclosure requirements from one part of the paragraph to another part is not marked up for the purposes of this memo.

- 130 An entity shall disclose the following for an individual asset (including goodwill) or a cash-generating unit, for which an impairment loss has been recognised or reversed during the period:
- ...
- (e) the recoverable amount of the impaired asset (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 the recoverable amount is fair value less costs of disposal, the entity shall disclose the following information:
    - (i) the level of the fair value hierarchy (see AASB 13) within which the fair value measurement of the asset (cash-generating unit) is categorised in its entirety (without taking into account whether the 'costs of disposal' are observable);
    - (ii) for fair value measurements categorised within Level 2 and Level 3 of the fair value hierarchy, 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, the entity shall disclose that change and the reason(s) for making it; and
    - (iii) for fair value measurements categorised within Level 2 and Level 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. The entity shall also disclose the discount rate(s) used in the current measurement and previous measurement if fair value less costs of disposal is measured using a present value technique;

~~An entity is not required to provide the disclosures required by AASB 13~~

- 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:
- (a) ...
  - (c) the basis on which the unit's (group of units') recoverable amount has been determined (i.e. value in use or fair value less costs of disposal);

## Staff View

- 6 Staff are of the view that none of the above differences between the disclosures in ED 235 and Amending Standard AASB 2013-3 would result in any additional disclosure being required by Tier 2 entities compared with the disclosure analysis performed for the Tier 2 Supplement to ED 235. Accordingly, staff consider that no further due process is necessary.
- 7 Staff recommend proceeding to a ballot draft of an Amending Standard reflecting the Reduced Disclosure Requirements outlined in paragraph 4 above.

## Question to the Board

Does the Board agree with the staff view and recommendation in paragraphs 5 and 6 above?