

AASB Standard

AASB 2013-3

June 2013

Amendments to AASB 136 – Recoverable Amount Disclosures for Non- Financial Assets



Australian Government

**Australian Accounting
Standards Board**

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Australian Accounting Standard AASB 2013-3 *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets* is set out in paragraphs 1 – 8. All the paragraphs have equal authority.

PREFACE

Introduction

This Standard makes amendments to Australian Accounting Standard AASB 136 *Impairment of Assets*.

These amendments arise from the issuance of International Financial Reporting Standard *Recoverable Amount Disclosures for Non-Financial Assets* (Amendments to IAS 36) by the International Accounting Standards Board in May 2013.

Main Features of this Standard

Application Date

This Standard applies to annual reporting periods beginning on or after 1 January 2014. Earlier application is permitted for annual reporting periods beginning on or after 1 January 2005 but before 1 January 2014, provided that AASB 13 *Fair Value Measurement* is also applied to the same period.

Main Requirements

This Standard amends the disclosure requirements in AASB 136. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. In addition, a further requirement has been included to disclose the discount rates that have been used in the current and previous measurements if the recoverable amount of impaired assets based on fair value less costs of disposal was measured using a present value technique. The intention of this amendment is to harmonise the disclosure requirements for fair value less costs of disposal and value in use when present value techniques are used to measure the recoverable amount of impaired assets.

Reduced Disclosure Requirements

Disclosure requirements under Tier 2 will be determined through a separate due process [see AASB Exposure Draft Tier 2 Supplement to ED 235 *Recoverable Amount Disclosures for Non-Financial Assets* (Proposed Amendments to AASB 136)], with amendments being made subsequently to this Standard as required.

ACCOUNTING STANDARD AASB 2013-3

The Australian Accounting Standards Board makes Accounting Standard AASB 2013-3 *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets* under section 334 of the *Corporations Act 2001*.

Dated 27 June 2013

Kevin M. Stevenson
Chair – AASB

ACCOUNTING STANDARD AASB 2013-3

AMENDMENTS TO AASB 136 – RECOVERABLE AMOUNT DISCLOSURES FOR NON-FINANCIAL ASSETS

Objective

- 1 The objective of this Standard is to make amendments to AASB 136 *Impairment of Assets* as a consequence of the issuance of International Financial Reporting Standard *Recoverable Amount Disclosures for Non-Financial Assets* (Amendments to IAS 36) by the International Accounting Standards Board in May 2013.

Application

- 2 **This Standard applies to:**
 - (a) **each entity that is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act and that is a reporting entity;**
 - (b) **general purpose financial statements of each other reporting entity; and**
 - (c) **financial statements that are, or are held out to be, general purpose financial statements.**
- 3 **This Standard applies to annual reporting periods beginning on or after 1 January 2014.**
- 4 **This Standard may be applied to annual reporting periods beginning on or after 1 January 2005 but before 1 January 2014, provided that AASB 13 *Fair Value Measurement* is also applied to**

the same period. When an entity applies this Standard to such an annual reporting period, it shall disclose that fact.

- 5 This Standard uses underlining, striking out and other typographical material to identify some of the amendments to the Standard, in order to make the amendments more understandable. However, the amendments made by this Standard do not include that underlining, striking out or other typographical material.

Amendments to AASB 136

- 6 Paragraphs 130 and 134 are amended as follows (new text is underlined and deleted text is struck through):

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

- (a) ...
- (e) the recoverable amount of the 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 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 is not required to provide the disclosures required by AASB 13; 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; and

(g) ...

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 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 (i.e. value in use or fair value less costs of disposal);**

(d) ...

...

7 The heading 'Transitional Provisions and Effective Date' before paragraph 138 is amended to 'Transition Provisions and Effective Date'.

8 Paragraph 140J is added as follows:

140J In June 2013 paragraphs 130 and 134 and the heading above paragraph 138 were amended. An entity shall apply those amendments retrospectively for annual reporting periods beginning on or after 1 January 2014. Earlier application is

permitted. An entity shall not apply those amendments in periods (including comparative periods) in which it does not also apply AASB 13.