

28 February 2006

Professor David Boymal FPNA
Chairman
Australian Accounting Standards Board
Level 4
530 Collins Street
Melbourne VIC 3000

Dear David

Re: interim reporting and impairment

The National Institute of Accountants (NIA) believes that the standards should prohibit entities from reversing an impairment write down for annual accounts if they have taken an impairment 'hit' that is recorded in an interim set of financial statements.

It is highly unlikely that an impaired operation can reverse a trend quickly given that the impairment calculations would be based on a data series collected over several reporting periods. We consider that it would be a rare circumstance in which an entity would be able to change a trend that has already been established for some time in a way that warrants reversing the impairment charge.

While we appreciate that there is market place confusion on the matter this may be clarified better by the International Accounting Standards Board (IASB) itself amending the standards in order to achieve the appropriate accounting answer.

Please contact us should you want any further comment on 03 8665 3143 or 0407 408 000.

Kindest Regards

Tom Ravlic PNA
Policy adviser – financial reporting and governance
National Institute of Accountants

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Bob Garnett, chairman, International Financial Reporting Interpretations Committee
Sir David Tweedie, chairman, International Accounting Standards Board