



Mr Kevin Stevenson
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By Email: standard@aaasb.gov.au

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Dear Kevin

Exposure Draft ED 235 – ED/2013/1 Recoverable Amount Disclosures for Non-Financial Assets - Proposed Amendments to IAS 36

Grant Thornton Australia Limited (Grant Thornton) is pleased to provide the Australian Accounting Standards Board with its comments on ED 235 which is a re-badged copy of the International Accounting Standards Board's (the Board) Exposure Draft 2013/1 Recoverable Amount Disclosures for Non-Financial Assets - Proposed Amendments to IAS 36 (the ED). We have considered the ED, as well as the accompanying draft Basis for Conclusions.

Grant Thornton's response reflects our position as auditors and business advisers to the Australian business community. We work with listed and privately held companies, government, industry, and not-for-profit organisations (NFPs). This submission has benefited with input from our clients, Grant Thornton International which will be finalising a global submission to the IASB by its due date of 19 March 2013, and discussions with key constituents.

We support the proposed amendments, which would in our view result in the disclosure of more useful information about impairments in accordance with IAS 36.

Our detailed comments on several of the proposals set out in the Appendix to this letter.

If you require any further information or comment, please contact me.

Yours sincerely
 GRANT THORNTON AUSTRALIA LIMITED

Keith Reilly
 National Head of Professional Standards

A. IASB Comments on specific proposals**Question 1: Disclosures of recoverable amount**

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. We believe it is appropriate to remove the requirement to disclose the recoverable amount of each cash-generating unit for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit is significant, given that this requirement was not intended and does not (in our view) provide useful information.

We also agree that it is more relevant to provide information about recoverable amount of an asset or cash-generating unit when an impairment loss (or reversal) has been recognised.

Question 2: Disclosures of the measurement of fair value less costs of disposal

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. We support in particular the proposed requirement to disclose the discount rate(s) applied in measuring fair value less costs of disposal using a present value technique (consistent with our comment letter in response to ED/2012/1).

Question 3: Transition requirements

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.

Question 4: Other comments

Do you have any other comments on the proposals?

We have no other comments.

B. AASB invitation to comment questions

Question 1

Whether there are any regulatory issues or other issues arising in the Australian environment that may affect the implementation of the proposals, particularly any issues relating to:

- (a) not-for-profit entities; and**
- (b) public sector entities – including any implications for GAAP/GFS harmonisation.**

We are not aware of any regulatory issues.

Question 2

Whether, overall, the proposals would result in financial statements that would be useful to users.

We agree that the proposals would result in financial statements that would be useful to users.

Question 3

Whether the proposals are in the best interests of the Australian economy.

We agree that the proposals are in the best interests of the Australian economy.

Question 4

Unless already provided in response to specific matters for comment 1 – 3 above, the costs and benefits of the proposals relative to the current requirements, whether quantitative (financial or non-financial) or qualitative.

We have no further comment.