19 March 2013

Our ref: ICAEW Rep 47/13

Your ref: ED/2013/1

Hans Hoogervorst
Chairman
International Accounting Standards Board
30 Cannon Street
London
EC4M 6XH

Dear Hans

ED/2013/1 *Recoverable amount disclosures for non-financial assets*

ICAEW is pleased to respond to your request for comments on ED/2013/1 *Recoverable amount disclosures for non-financial assets.*

Please contact me should you wish to discuss any of the points raised in the attached response.

Yours sincerely

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ICAEW REPRESENTATION

ED/2013/1 RECOVERABLE AMOUNT DISCLOSURES FOR NON-FINANCIAL ASSETS

Memorandum of comment submitted in March 2013 by ICAEW, in response to IASB's exposure draft ED/2013/1 *Recoverable amount disclosures for non-financial assets* published in January 2013.

Contents	**Paragraphs**

INTRODUCTION

1. ICAEW welcomes the opportunity to comment on the exposure draft *ED/2013/1 Recoverable amount disclosures for non-financial assets* published by the IASB on 18 January 2013, a copy of which is available from this link.

WHO WE ARE

2. ICAEW is a world-leading professional accountancy body. We operate under a Royal Charter which obliges us to work in the public interest. ICAEW's regulation of its members, in particular its responsibilities in respect of auditors, is overseen by the UK Financial Reporting Council. We provide leadership and practical support to over 140,000 member chartered accountants in more than 160 countries, working with governments, regulators and industry in order to ensure that the highest standards are maintained.

3. ICAEW members operate across a wide range of areas in business, practice and the public sector. They provide financial expertise and guidance based on the highest professional, technical and ethical standards. They are trained to provide clarity and apply rigour, and so help create long-term sustainable economic value.

4. The Financial Reporting Faculty is recognised internationally as a leading authority on financial reporting. The Faculty's Financial Reporting Committee is responsible for formulating ICAEW policy on financial reporting issues, and makes submissions to standard setters and other external bodies. The faculty also provides an extensive range of services to its members, providing practical assistance in dealing with common financial reporting problems.

MAJOR POINTS

We agree with the proposed change

5. We accept the reasons given for the proposed change.

We are not convinced that this matter warranted a separate consultation exercise

6. However, we are not convinced that this matter warranted a separate consultation exercise. This is one of five exposure drafts (ED/2012/3, ED/2012/5, ED/2012/6, ED/2012/7 and ED/2013/1) issued between November 2012 and January 2013 that deal with minor issues. None of these appear to form part of the Board's published work plan.

7. In our opinion the Annual Improvements process provides an ideal mechanism for making amendments of this type and we feel it would have been more efficient for constituents had these issues been exposed in a single document rather than as a series of individual exposure drafts. Our preference is for minor amendments to be limited as far as possible. Where amendment is imperative it is most efficient if issues can be grouped into a single annual exercise.

RESPONSES TO SPECIFIC QUESTIONS

Question 1

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?

8. We agree with the proposed amendments.

Question 2

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?

9. We agree with the proposed amendments.

Question 3

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?

10. We agree with the proposed transition method and effective date.

Question 4

Do you have any other comments on the proposals?

11. We are not convinced that this matter warranted a separate consultation exercise. This is one of five exposure drafts (ED/2012/3, ED/2012/5, ED/2012/6, ED/2012/7 & ED/2013/1) issued between November 2012 and January 2013 that deal with minor issues. None of these appear to form part of the Board's published work plan.

12. In our opinion the Annual Improvements process provides an ideal mechanism for making amendments of this type and we feel it would have been more efficient for constituents had these issues been exposed in a single document rather than as a series of individual exposure drafts. Our preference is for minor amendments to be limited as far as possible. Where amendment is imperative it is most efficient if issues can be grouped into a single annual exercise.

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