



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

Our Ref.: C/FRSC

Sent electronically through the IASB website (www.ifrs.org)

19 March 2013

International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
United Kingdom

Dear Sirs,

IASB Exposure Draft of Recoverable Amount Disclosures for Non-Financial Assets (Proposed Amendments to IAS 36)

The Hong Kong Institute of Certified Public Accountants is the only body authorised by law to promulgate financial reporting, auditing and ethical standards for professional accountants in Hong Kong. We welcome the opportunity to provide you with our comments on this Exposure Draft (ED). Our responses to the questions raised in your Invitation to Comment are set out in the Appendix for your consideration.

We support the proposed amendments to IAS 36 as we believe these better reflect the IASB's intentions without reducing the relevance and understandability of the financial information.

We note that in recent months especially, the IASB has seen the need to propose a number of specific, limited amendments to various standards, often with very short comment periods. With the seemingly increasing frequency of these 'patch-ups' subsequent to the promulgation of a substantive new or revised standard, it causes us to ponder whether the due process followed in respect of issuing that previous new or revised standard was sufficiently robust enough to have prevented the need for the subsequent patch-up. We would be interested to know whether the IFRS Due Process Oversight Committee has considered this matter and, if they share these concerns, whether there may be a way of proactively dealing with this type of situation in the future, such as may be the case with a field-testing programme and/or fatal flaw reviews of new or revised standards prior to issuance.

If you have any questions regarding the matters raised in our submission, please contact Winnie Chan, our Manager of Standard Setting at winniechan@hkiipa.org.hk.

Yours faithfully,

Simon Riley
Director, Standard Setting

SR/WC

Encl.

Comment on IASB Exposure Draft of Recoverable Amount Disclosures for Non-Financial Assets (Proposed Amendments to IAS 36)

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 support the proposed amendments to IAS 36 as we believe these better reflect the IASB's intentions without reducing the relevance and understandability of the financial information.

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 with the proposal to enhance the disclosures on key measurement inputs (e.g. discount rate) when measurement inputs are not based on Level 1 prices. However, we encourage the IASB to consider requiring disclosure of each key assumption on which management has based its determination of value in use, in relation to paragraph 130(g) of IAS 36. This would achieve consistency between the disclosures about fair value less costs of disposal and value in use.



Question 3 - Transition provisions

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 with the retrospective application of the amendments.

Question 4 - Other comments

Do you have any other comments on the proposals?

No.