

Agenda Item 10: Impairment of Revalued Assets

John Stanford, Technical Director

IPSASB Meeting

June 21-24, 2016

Toronto, Canada

Decisions Required (Agenda Item 10 Cover Sheet)

- 1 Agree revised explanation of difference between impairment losses and revaluation decreases
- 2 Approve IPSAS, *Impairment of Revalued Assets* (Amendments to IPSAS 21, *Impairment of Non-Cash-Generating Assets* & IPSAS 26, *Impairment of Cash-Generating Assets*)
3. Agree effective date

Project summary (Agenda Item 10 Cover Sheet)

- Bringing property, plant & equipment (P,P&E) and intangible assets carried at revalued amounts within scope of IPSAS 21 & IPSAS 26
- Clarifying that impairments to individual assets within a class of P,P&E do not necessitate a revaluation of the entire class of assets to which that impaired asset belongs.

Directions Issued up to March 2016 (Agenda Item 10.2)

Meeting	Direction
March 2016	<ul style="list-style-type: none"> (i) Develop ED 57 as final pronouncement (ii) Address practical <u>rather than</u> conceptual differences between impairment losses and revaluation decreases in Basis for Conclusions (iii) Note issue for consideration in project on Public Sector Measurement: principally revaluation increases/decreases on class of asset basis
September 2015	Issue ED 57, <i>Impairment of Revalued Assets</i>
June 2015	Initiate limited scope project to consider whether P,P&E and intangible assets on revaluation model should be brought within scope of IPSAS 21 & IPSAS 26

Decisions to March 2016 (Agenda Item 10.3)

Meeting	Decision
March 2016	Proceed with proposals in ED 57
September 2015	Objectives of financial reporting best served by bring P,P&E & intangible assets on revaluation model with scope of IPSAS 21 and IPSAS 26, rather than simply a clarification in IPSAS 17, <i>Property, Plant and Equipment</i> . <i>Approach reflected in ED 57</i>
June 2015	Issue of impairment of P,P&E on revaluation model would not be addressed quickly enough if in Public Sector Measurement project

Key Questions (Agenda Items 10.1.1, 10.1.2 & 10.1.3)

1. Revised explanation of difference between impairment losses and revaluation decrease in IPSAS 21.BC20J and IPSAS 26.BC7J
2. Agreement with draft final pronouncement at Agenda Item 10.4: page-by-page
3. Effective date: January 1 2018



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