



Project	Agenda decision
Topic	IFRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i> — Reversal of disposal group impairment losses relating to goodwill

This agenda paper has been updated to reflect the receipt of a second comment letter on 22 April 2010.

Introduction

1. In March 2010, the Committee published a tentative agenda decision not to add to its agenda a request for guidance on whether an impairment loss for a disposal group classified as held for sale can be reversed if it relates to the reversal of an impairment loss recognised for goodwill.
2. The Committee observed that the issue may not be resolved efficiently within the confines of existing IFRSs and the Framework and that it is not probable that the Committee will be able to reach a consensus on a timely basis.
3. The Committee also noted the decision taken by the Board in December 2009 not to add a project to its agenda to address IFRS 5 impairment measurement and reversal issues at this time. Consequently, the Committee decided not to add this issue to its agenda and recommended that the Board address this issue in a post-implementation review of IFRS 5.
4. Two comment letters¹ were received.

¹ Deloitte Touche Tohmatsu, CESR

This paper has been prepared by the technical staff of the IASCF for discussion at a public meeting of the IFRIC. The views expressed in this paper are those of the staff preparing the paper. They do not purport to represent the views of any individual members of the IFRIC or the IASB. Comments made in relation to the application of an IFRS do not purport to be acceptable or unacceptable application of that IFRS—only the IFRIC or the IASB can make such a determination.

Decisions made by the IFRIC are reported in *IFRIC Update*.

Interpretations are published only after the IFRIC and the Board have each completed their full due process, including appropriate public consultation and formal voting procedures. The approval of an Interpretation by the Board is reported in *IASB Update*.

IASB Staff paper

5. The first comment letter agreed with the tentative agenda decision made by the Committee.
6. The second comment letter is concerned that the views expressed by the Committee in the March 2010 meeting may encourage diversity in practice.
7. Consequently the respondent requests that guidance is provided before the post-implementation review of IFRS 5, clarifying which paragraphs in IFRS 5 take precedence. This clarification could be provided by the Committee, or through a proposed amendment as part of the *Annual Improvements Process*.
8. The staff acknowledge the views in the second comment letter and believe the concerns raised are consistent with those expressed by the staff in the March 2010 meeting.
9. However, consistent with the original staff recommendation, the staff are concerned that the Committee would not reach a consensus on a timely basis in relation to this issue.
10. As a result, the staff does not recommend any changes to the tentative agenda decision.

Staff recommendation and proposed wording of the final agenda decision

1. The staff recommends that the Committee finalise its tentative agenda decision not to add the issue to its agenda. Does the Committee agree with the recommendation?
2. Appendix A includes the staff's proposed wording for the final agenda decision which is unchanged from the published tentative agenda decision. Does the Committee agree with proposed wording?

Appendix A – Proposed wording for agenda decision

**IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* —
Reversal of disposal group impairment losses relating to goodwill**

The Committee received a request for guidance on whether an impairment loss for a disposal group classified as held for sale can be reversed if it relates to the reversal of an impairment loss recognised for goodwill.

The Committee noted a potential conflict between the guidance in paragraph 22 and paragraph 23 of IFRS 5 relating to the recognition and allocation of the reversal of an impairment loss for a disposal group when it relates to goodwill. However, the Committee also observed that the issue may not be resolved efficiently within the confines of existing IFRSs and the Framework and that it is not probable that the Committee will be able to reach a consensus on a timely basis.

The Committee also noted the decision taken by the Board in December 2009 not to add a project to its agenda to address IFRS 5 impairment measurement and reversal issues at this time. Consequently, the Committee {decided} not to add this issue to its agenda and recommended that the Board address this issue in a post-implementation review of IFRS 5.