



Australian Government
Australian Accounting Standards Board

Perspectives on IAS 36: A case for standard setting activity

Accounting Standards Advisory Forum
2 April 2019

Kris Peach & Moana Overton

- Systemic issues identified with audit quality and financial reporting surveillance programs
- Key areas of focus by regulators – Impairment and Revenue
 - Revenue fixed!
 - Impairment?
- Other concerns
 - Preparers find IAS 36 unnecessarily complex
 - Investors / analysts often don't find the information provides meaningful insights



#1: Review IAS 36 in its entirety

#2: Clarify purpose of impairment testing

#3: Develop a single approach that:

- removes restrictions on including future restructurings and asset enhancements
- reserves Fair Value Less Costs of Disposal (FVLCD) for assets expected to be disposed in following period
- allows post-tax discount rate
- allows use of market-based assumptions – eg forward curve for commodity prices and exchange rates

#4: Change CGU definition to align with management decision making

#5: Enhance disclosures by having:

- guidance on what a key assumption is
- coherent disclosure principles regardless of method chosen
- disclosure objective in IFRS 3 to help investors understand subsequent performance of acquired business



Discussion group
AASB Alumni



@AASBAustralia
@krispeachAASB

Keep in touch with the AASB

standard@asb.gov.au

