



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

19 March 2013

Dear Sirs,

Re: Exposure Draft Recoverable Amount Disclosures for Non-Financial Assets

BUSINESSEUROPE welcomes the opportunity to comment on the proposal to amend IAS 36.

We agree that it is necessary to correct the drafting error made to IAS 36 however we believe certain of the proposed disclosures are unnecessarily detailed and are further examples of a failure to develop an overall disclosure framework.

We do not support the requirement to disclose the recoverable amount for each impaired asset (paragraph 130(e)). No such disclosure is required in IFRS 5 and this information may be commercially sensitive. Requiring this disclosure under IAS 36 will put pressure on the boundary between IAS 36 and IFRS 5 where an asset is impaired as part of a plan to sell an asset or group of assets, but does not yet meet the definition of an asset held for sale.

We note that the ED proposes to delete "material" from the introduction to paragraph 130. Whilst in general this word is unnecessary in individual IFRSs because of the overriding materiality principle, in this specific case the deletion results in a contradiction with the subsequent paragraph 131, which requires disclosure of the aggregate impairment losses and the aggregate reversals of impairment losses recognised during the period for which no information is disclosed in accordance with paragraph 130 (i.e. which are individually immaterial).

We also believe that there are proposed additional disclosure requirements in paragraph 130(f) that are of little value to investors and only add to financial statement "clutter".



In any case:

- it is unnecessary to refer to specific disclosures on the discount rate. However, if a reference is felt necessary, we believe that the current drafting might understate the importance of the discount rate. In our experience the discount rate will inevitably be a key assumption and may be sufficient disclosure in itself. To clarify this point, we would suggest the following drafting: "Key assumptions are those to which the asset's (cash-generating unit's) recoverable amount is most sensitive, notably the discount rate(s) used ...".
- it would be clearer to constituents if the IASB would align the wording in paragraphs 130(f) and 134(e) as much as possible. For example, the introduction in 134(e) excludes items measured using a quoted price whereas the proposed 130(f) does not do so but then only requires key assumptions to be disclosed for items within Levels 2 and 3.

We also note that paragraph BC3 refers to consistency with disclosure requirements in US GAAP. We do not believe that this is appropriate because the IFRS and US GAAP impairment test methodologies are significantly different.

We would like to use this opportunity to raise a further point on the consequential amendments that the IASB made to IAS 36 as result of IFRS 13. The term "fair value less costs to sell" was changed to "fair value less costs of disposal". No such change was made to IFRS 5. It seems the definitions of "costs to sell" and "costs of disposal" are identical except that the former refers to assets and disposal groups while the latter refers to assets and CGUs. We are not clear whether this change - which appears to have no impact on the accounting but simply creates an additional definition for the same thing - was deliberate, and if so why?

If you require any further information or explanation, please do not hesitate to contact us.

Yours sincerely,

Jérôme P. Chauvin
Director
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