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Chairman  
International Accounting Standards Board  
30 Cannon Street  
London  
EC4M 6XH

19 March 2013

Dear Hans

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

I am writing on behalf of the Financial Reporting Council in response to the above Exposure Draft (ED).

The FRC's responses to the questions set out in the Invitation to Comment in the ED are included as an appendix to this letter. In summary, the FRC supports the proposed amendments to IAS 36. However, the FRC believes that a Disclosure Framework would have provided the basis to challenge the unnecessary disclosures in IAS 36 and may have helped to identify the error before the standard was issued.

If you would like to discuss these comments, please contact Mei Ashelford on 020 7492 2420 or [m.ashelford@frc.org.uk](mailto:m.ashelford@frc.org.uk) or myself.

Yours sincerely



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**Appendix**  
**FRC responses to the general questions in the IASB Exposure Draft Annual**  
**Improvements to IFRSs 2011 – 2013 Cycle**

**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?*

***FRC response:***

- 1 The FRC agrees with the amendments proposed to paragraph 134(c).

**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?*

***FRC response:***

- 2 The FRC agrees with the amendments proposed to paragraph 130.

### 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?*

#### ***FRC response:***

- 3 The FRC agrees with the proposed transitional provisions.

### Question 4

#### ***Other comments***

*Do you have any other comments on the proposals?*

- 4 The FRC believes that a Disclosure Framework would have provided the basis to challenge the unnecessary disclosures in IAS 36 and may have helped to identify the error before the standard was issued.