STATUTORY BOARD FINANCIAL REPORTING STANDARD

SB-FRS 1002

Impairment of Non-Cash-Generating Assets

SB-FRS 1002 *Impairment of Non-Cash-Generating Assets* applies to Statutory Boards from annual periods beginning on or after 1 January 2023. Earlier application is permitted.

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Statutory Board Financial Reporting Standard 1002 *Impairment of Non-Cash-Generating Assets* (SB-FRS 1002) is set out in paragraphs 1 to 69. All the paragraphs have equal authority. SB-FRS 1002 should be read in the context of its objective, the *Preface to Statutory Board Financial Reporting Standards* and the *SB-FRS Conceptual Framework for Financial Reporting*. SB-FRS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* provide a basis for selecting and applying accounting policies in the absence of explicit guidance.

Acknowledgement

SB-FRS 1002 is drawn primarily from International Public Sector Accounting Standard (IPSAS) 21 *Impairment of Non-Cash-Generating Assets*, from the *Handbook of International Public Sector Accounting Pronouncements* of the International Public Sector Accounting Standards Board (IPSASB), published by the International Federation of Accountants (IFAC) in June 2016 and is used with permission of IFAC.

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Statutory Board Financial Reporting Standard 1002
Impairment of Non-Cash-Generating Assets

Objective

1. The objectives of this Standard are to prescribe the procedures that a Statutory Board applies to determine whether a non-cash-generating asset is impaired and to ensure that impairment losses are recognised. This Standard also specifies when a Statutory Board should reverse an impairment loss and prescribes disclosures.

Scope

2. **This Standard shall be applied in accounting for the impairment of non-cash-generating assets, other than:**

   (a) inventories (see SB-FRS 2 *Inventories*);

   (b) contract assets and assets arising from costs to obtain or fulfil a contract that are recognised in accordance with SB-FRS 115 *Revenue from Contracts with Customers*;

   (c) deferred tax assets (see SB-FRS 12 *Income Taxes*);

   (d) assets arising from employee benefits (see SB-FRS 19 *Employee Benefits*);

   (e) financial assets that are within the scope of SB-FRS 109 *Financial Instruments*;

   (f) investment property that is measured at fair value (see SB-FRS 40 *Investment Property*);

   (g) biological assets related to agricultural activity within the scope of SB-FRS 41 *Agriculture* that are measured at fair value less costs to sell;

   (h) deferred acquisition costs, and intangible assets, arising from an insurer's contractual rights under insurance contracts within the scope of SB-FRS 104 *Insurance Contracts*;

   (i) non-current assets (or disposal groups) classified as held for sale in accordance with SB-FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*; and

   (j) Goodwill that are within the scope of SB-FRS 38 *Intangible Assets* or SB-FRS 103 *Business Combinations*.

3. This Standard includes non-cash-generating intangible assets within its scope.

4. SB-FRS 36 *Impairment of Assets* is identical to FRS 36 *Impairment of Assets* which was developed primarily with "for-profit" entities in mind. The concept of cash-generating assets and units is central to SB-FRS 36. Therefore, for assets that are classified as cash-generating assets, Statutory Boards shall apply the recognition, measurement and disclosure requirements in SB-FRS 36.

5. Investments in:

   (a) subsidiaries, as defined in SB-FRS 110 *Consolidated Financial Statements*;

   (b) associates, as defined in SB-FRS 28 *Investments in Associates and Joint Ventures*; and

   (c) joint ventures, as defined in SB-FRS 111 *Joint Arrangements*.

are financial assets that are excluded from the scope of SB-FRS 109. Where such investments are classified as cash-generating assets, they are dealt with under SB-FRS 36. Where such investments are classified as non-cash-generating assets, they are dealt with under this Standard.

For impairment of other financial assets (except for subsidiaries, associates or joint ventures), refer to SB-FRS 109.

5A. In the same way as SB-FRS 36 applies for cash-generating right-of-use assets, this Standard applies for right-of-use assets that are classified as non-cash-generating.

6. This Standard applies to assets that are carried at revalued amount (i.e. fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses) in accordance with other SB-FRSs, such as the revaluation models in SB-FRS 16 *Property, Plant and Equipment* and SB-FRS 38 *Intangible Assets*. The only difference between an asset's fair value and its fair value less costs of disposal is the direct incremental costs attributable to the disposal of the asset.

(a) If the disposal costs are negligible, the recoverable service amount of the revalued asset is necessarily close to, or greater than, its revalued amount. In this case, after the revaluation requirements have been applied, it is unlikely that the revalued asset is impaired and recoverable service amount need not be estimated.

(b) If the disposal costs are not negligible, the fair value less costs of disposal of the revalued asset is necessarily less than its fair value. Therefore, the revalued asset will be impaired if its value in use is less than its revalued amount. In this case, after the revaluation requirements have been applied, a Statutory Board applies this Standard to determine whether the asset may be impaired.

Definitions

7. **The following terms are used in this Standard with the meanings specified:**

An *active market* is a market in which all the following conditions exist:

(a) The items traded within the market are homogeneous;

(b) Willing buyers and sellers can normally be found at any time; and

(c) Prices are available to the public.

Asset Group **is a group of assets that is used collectively to provide a service that is largely independent of other assets or asset groups.**

Carrying amount **is the amount at which an asset is recognised after deducting any accumulated depreciation (amortisation) and accumulated impairment losses thereon.**

Cash-generating assets **are assets held with the primary objective of generating a commercial return.**

Costs of disposal **are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.**

Depreciable amount **is the cost of an asset, or other amount substituted for cost in the financial statements, less its residual value.**

Depreciation (Amortisation) **is the systematic allocation of the depreciable amount of an asset over its useful life.**

Fair value **is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. (See SB-FRS 113** ***Fair Value Measurement*****.)**

An ***impairment*** **is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation.**

An ***impairment loss*** **is the amount by which the carrying amount of an asset exceeds its recoverable service amount.**

Non-cash-generating assets **are assets other than cash-generating assets.**

Recoverable service amount **is the higher of a non-cash-generating asset's fair value less costs of disposal and its value in use.**

Useful life **is either:**

(a) the period of time over which an asset is expected to be used by the Statutory Board; or

(b) the number of production or similar units expected to be obtained from the asset by the Statutory Board.

Value in use **of a non-cash-generating asset is the present value of the asset's remaining service potential.**

Cash-Generating Assets and Non-Cash-Generating Assets

8. Cash-generating assets are assets that are held with the primary objective of generating commercial returns. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity. Holding an asset to generate a commercial return indicates that an entity intends to generate cash inflows from the asset (or from the cash-generating unit of which the asset is a part) and earn a commercial return that reflects the risk involved in holding the asset.

9. An asset may be held with the primary objective of generating a commercial return even though it does not meet that objective during a particular reporting period. Conversely, an asset may be a non-cash-generating asset even though it may be breaking even or generating a commercial return during a particular reporting period.

10. Statutory Boards may hold some assets with the primary objective of generating a commercial return, although the majority of the assets are not held for that purpose. Cash-generating assets of a Statutory Board may operate independently of the non-cash-generating assets of the Statutory Board.

11. In certain instances, an asset may generate cash flows although it is primarily held for service delivery purposes. For example, a waste disposal plant is operated to ensure the safe disposal of medical waste generated by state-controlled hospitals, but the plant also treats a small amount of medical waste generated by other private hospitals on a commercial basis. The treatment of medical waste from the private hospitals is incidental to the activities of the plant, and the assets that generate cash flows cannot be distinguished from the non-cash-generating assets.

12. In other instances, an asset may generate cash flows and also be used for non-cash-generating purposes. For example, a public hospital has ten wards, nine of which are used for fee paying patients on a commercial basis, and the other is used for non-fee-paying patients. Patients from both wards jointly use other hospital facilities (for example, operating theatre facilities). The extent to which an asset is held with the objective of providing a commercial return needs to be considered to determine whether a Statutory Board should apply the provisions of this Standard

or SB-FRS 36. If, as in this example, the non-cash-generating component is an insignificant component of the arrangement as a whole, a Statutory Board should apply SB-FRS 36 rather than this Standard.

13. In some cases, it may not be clear whether the primary objective of holding an asset is to generate a commercial return. In such cases, it is necessary to evaluate the significance of the cash flows. It may be difficult to determine whether the extent to which the asset generates cash flows is so significant that this Standard is applicable rather than SB-FRS 36. Judgement is needed to determine which Standard to apply. A Statutory Board develops criteria so that it can exercise that judgement consistently in accordance with the definition of cash-generating assets and non-cash-generating assets and with the related guidance in paragraphs 8 to 13. Paragraph 63 requires a Statutory Board to disclose the criteria used in making this judgement.

13A. A Statutory Board can apply Paragraphs 8 to 13 to determine if a right-of-use asset under SB-FRS 116 is a cash-generating asset or non-cash-generating asset.

Identifying an Asset that may be Impaired

14. Paragraphs 15-21 specify when recoverable service amount would be determined. Unless stated otherwise, references to an asset or assets in the following paragraphs of this Standard are references to non-cash-generating asset(s). These requirements use the term ‘an asset’, but apply equally to an individual asset or an asset group.

15. A non-cash-generating asset is impaired when the carrying amount of the asset exceeds its recoverable service amount. Paragraph 17 sets out the key indications that an impairment loss may have occurred. If any of those indications are present, a Statutory Board is required to make a formal estimate of recoverable service amount. **If no indication of a potential impairment loss is present, this Standard does not require a Statutory Board to make a formal estimate of recoverable service amount.**

16. **A Statutory Board shall assess at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, a Statutory Board shall estimate the recoverable service amount of the asset.**

17. **In assessing whether there is any indication that an asset may be impaired, a Statutory Board shall consider, as a minimum, the following indications:**

<u>**External sources of information**</u>

(a) Demand or expectations of demand for the goods or services provided by the assets has ceased or significantly declined;

(b) Significant long-term changes with an adverse effect on the Statutory Board have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Statutory Board operates;

<u>**Internal sources of information**</u>

(c) Evidence is available of obsolescence or physical damage of the asset;

(d) Significant long-term changes with an adverse effect on the Statutory Board have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, the asset is used or is expected to be used by the Statutory Board. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which the asset belongs, or plans to dispose the asset before the previously expected date;

(e) A decision to halt the construction of the asset before it is complete or in a usable condition;

(f) **Evidence is available from internal reporting that indicates that the service performance of the asset is, or will be, significantly worse than expected; and**

(g) **No evidence of a decision to put the asset to alternative use.**

18. The list of indications in paragraph 17 is not exhaustive. There may be other indications that an asset may be impaired.

19. The events or circumstances that may indicate an impairment of an asset will be significant and will often have prompted discussion by the management. A change in a parameter such as demand for the service, extent or manner of use, legal environment or government policy environment would indicate impairment only if such a change is significant and has or was anticipated to have a long-term adverse effect. A change in the technological environment may indicate that an asset is obsolete, and requires testing for impairment. A change in the use of an asset during the period may also be an indication of impairment. In assessing whether an impairment has occurred, a Statutory Board needs to assess changes in service potential over the long term. This underlines the fact that the changes are seen within the context of the anticipated long-term use of the asset. However, the expectations of long-term use can change and the Statutory Board's assessments at each reporting date would reflect that.

20. The concept of materiality applies in identifying whether the recoverable service amount of an asset needs to be estimated. For example, if previous assessments show that an asset's recoverable service amount is significantly greater than its carrying amount, a Statutory Board need not re-estimate the asset's recoverable service amount if no event has occurred that would eliminate that difference. Similarly, previous analysis may show that an asset's recoverable service amount is not sensitive to one (or more) of the indications listed in paragraph 17.

21. If there is an indication that an asset may be impaired, this may indicate that the remaining useful life, the depreciation (amortisation) method or the residual value for the asset need to be reviewed and adjusted in accordance with the Standard applicable to the asset, even if no impairment loss is recognised for the asset.

Measuring Recoverable Service Amount

22. This Standard defines recoverable service amount as the higher of an asset's fair value less costs of disposal and its value in use. Paragraphs 23 to 36 set out the requirements for measuring recoverable service amount. These requirements use the term "an asset" but apply equally to an individual asset or an asset group.

23. It is not always necessary to determine both an asset's fair value less costs of disposal and its value in use. If either of these amounts exceeds the asset's carrying amount, the asset is not impaired and it is not necessary to estimate the other amount.

24. It may be possible to determine fair value less costs of disposal, even if an asset is not traded in an active market. However, sometimes it will not be possible to determine fair value less costs of disposal because there is no basis for making a reliable estimate of the price at which an orderly transaction to sell the asset would take place between market participants at the measurement date under current market conditions. In this case, a Statutory Board may use the asset's value in use as its recoverable service amount.

25. If there is no reason to believe that an asset's value in use materially exceeds its fair value less costs of disposal, the asset's fair value less costs of disposal may be used as its recoverable service amount. This will often be the case for an asset that is held for disposal. This is because the value in use of an asset held for disposal will consist mainly of the net disposal proceeds. However, for many public sector non-cash generating assets that are held on an ongoing basis to provide specialised services or public goods, the value in use of the asset is likely to be greater than its fair value less costs of disposal.

26. In some cases, estimates, averages and computational short cuts may provide reasonable approximations of the detailed computations illustrated in this Standard for determining fair value less costs of disposal or value in use.

Fair Value less Costs of Disposal

27. Fair value of an asset shall be determined using the requirements set out in SB-FRS 113.

28. Costs of disposal, other than those that have been recognised as liabilities, are deducted in determining fair value less costs of disposal. Examples of such costs are legal costs, stamp duty and similar transaction taxes, costs of removing the asset, and direct incremental costs to bring an asset into condition for its sale. However, termination benefits (as defined in SB-FRS 19 *Employee Benefits*) and costs associated with reducing or reorganising a business following the disposal of an asset are not direct incremental costs to dispose of the asset.

29. Sometimes, the disposal of an asset would require the buyer to assume a liability and only a single fair value less costs of disposal is available for both the asset and the liability. In this case, the fair value less of costs of disposal is the price to sell the asset and the liability together, less the costs of disposal. To perform a meaningful comparison of the asset and its recoverable service amount, the carrying amount of the liability is deducted in determining the asset's value in use and its carrying amount.

Value in Use

30. This Standard defines the value in use of a non-cash-generating asset as the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the approaches identified in paragraphs 31 to 35, as appropriate. These requirements use the term "an asset" but apply equally to an individual asset or an asset group.

Depreciated Replacement Cost Approach

31. Under this approach, the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

32. The replacement cost and reproduction cost of an asset are determined on an optimised basis. The rationale is that a Statutory Board would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

33. In certain cases, standby or surplus capacity is held for safety or other reasons. This arises from the need to ensure that adequate service capacity is available in the particular circumstances of a Statutory Board. For example, the fire department needs to have fire engines on standby to deliver services in emergencies. Such surplus or standby capacity is part of the required service potential of the asset.

Restoration Cost Approach

34. Restoration cost is the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is

determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset whichever is lower. Paragraphs 31 to 33 provide additional guidance on determining the replacement cost or reproduction cost of an asset.

Service Units Approach

35. Under this approach, the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment to conform to the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower. Paragraphs 31 to 33 provide additional guidance on determining the replacement cost or reproduction cost of an asset.

Application of Approaches

36. The choice of the most appropriate approach to measuring value in use depends on the availability of data and the nature of impairment:

(a) Impairments identified from significant long-term changes in the technological, legal or government policy environment are generally measurable using a depreciated replacement cost approach or a service units approach, when appropriate;

(b) Impairments identified from a significant long-term change in the extent or manner of use, including that identified from the cessation or near cessation of demand, are generally measurable using a depreciated replacement cost or a service units approach when appropriate; and

(c) Impairments identified from physical damage are generally measurable using a restoration cost approach or a depreciated replacement cost approach when appropriate.

Recognising and Measuring an Impairment Loss

37. Paragraphs 38 to 42 set out the requirements for recognising and measuring impairment losses for an asset. These requirements use the term “an asset” but apply equally to an individual asset or an asset group.

38. **If, and only if, the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable service amount. That reduction is an impairment loss.**

39. **An impairment loss shall be recognised immediately in profit or loss, unless the asset is carried at revalued amount in accordance with another Standard (for example, in accordance with the revaluation model in SB-FRS 16). Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that other Standard.**

40. An impairment loss on a non-revalued asset is recognised in profit or loss. However, an impairment loss on a revalued asset is recognised in other comprehensive income to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Such an impairment loss on a revalued asset reduces the revaluation surplus for that asset.

41. **When the amount estimated for an impairment loss is greater than the carrying amount of the asset to which it relates, a Statutory Board shall recognise a liability if, and only if, that is required by another Standard.**

42. **After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset shall be adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.**

Asset Group

Identifying the Asset Group to which an Asset Belongs

43. **If there is any indication that an asset may be impaired, recoverable service amount shall be estimated for the individual asset. A Statutory Board shall estimate the recoverable service amount for an asset group if, and only if, the criteria set out in paragraph 44 has been satisfied.**

44. A Statutory Board shall determine the recoverable service amount, and therefore assess impairment, for an asset group if:

    (a) It is not possible to estimate the recoverable service amount of the individual asset (for example, different assets have been recorded as a single asset by the Statutory Board); or

    (b) The provision of goods or services by the assets in the group is (i) highly dependent on other non-cash-generating assets held by the Statutory Board, and / or (ii) highly interrelated with other non-cash-generating assets held by the Statutory Board.

Reversing an Impairment Loss

45. Paragraphs 46 to 57 set out the requirements for reversing an impairment loss recognised for an asset in prior periods. These requirements use the term "an asset" but apply equally to an individual asset or an asset group.

46. **A Statutory Board shall assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Statutory Board shall estimate the recoverable service amount of that asset.**

47. **In assessing whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased, the Statutory Board shall consider, as a minimum, the following indications:**

    <u>External sources of information</u>

    (a) Resurgence of the demand or significant increases in the goods or services provided by the asset;

    (b) Significant long-term changes with a favourable effect on the Statutory Board have taken place during the period, or will take place in the near future, in the technological, legal or government policy environment in which the Statutory Board operates.

    <u>Internal sources of information</u>

    (c) Significant long-term changes with a favourable effect on the Statutory Board have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, the asset is used or is expected to be used. These changes include costs incurred during the period to improve or enhance the asset's performance or restructure the operation to which the asset belongs.

    (d) A decision to resume construction of the asset that was previously halted before it was completed or in a usable condition;

(e) Evidence is available from internal reporting that indicates that the service performance of the asset is, or will be, significantly better than expected; and

(f) Evidence of a decision to put the asset, having no previous alternative use, to alternative use.

48. Indications of a potential decrease in an impairment loss in paragraph 47 mainly mirror the indications of a potential impairment loss in paragraph 17.

49. The list in paragraph 47 is not exhaustive. A Statutory Board may identify other indications of a reversal of an impairment loss that would also require the Statutory Board to re-estimate the asset's recoverable service amount.

50. If there is an indication that an impairment loss recognised for an asset may no longer exist or may have decreased, this may indicate that the remaining useful life, the depreciation (amortisation) method or the residual value may need to be reviewed and adjusted in accordance with the Standard applicable to the asset, even if no impairment loss is reversed for the asset.

51. **An impairment loss recognised in prior periods for an asset shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset shall, except as described in paragraph 53, be increased to its recoverable service amount. That increase is a reversal of an impairment loss.**

52. A reversal of an impairment loss reflects an increase in the estimated recoverable service amount of an asset, either from use or from sale, since the date when the Statutory Board last recognised an impairment loss for that asset. Paragraph 65 requires the Statutory Board to identify the change in estimates that causes the increase in recoverable service amount. Examples of changes in estimates include:

(a) A change in the basis for recoverable service amount (i.e., whether recoverable service amount is based on fair value less costs of disposal or value in use);

(b) If recoverable service amount was based on value in use, a change in estimate of the components of value in use; or

(c) If recoverable service amount was based on fair value less costs of disposal, a change in estimate of the components of fair value less costs of disposal.

53. **The increased carrying amount of an asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.**

54. Any increase in the carrying amount of an asset above the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years is a revaluation. In accounting for such a revaluation, the Statutory Board applies the SB-FRS applicable to the asset.

55. **A reversal of an impairment loss for an asset shall be recognised immediately in profit or loss, unless the asset is carried at revalued amount in accordance with another SB-FRS (for example, the revaluation model in SB-FRS 16). Any reversal of an impairment loss of a revalued asset shall be treated as a revaluation increase in accordance with that other SB-FRS.**

56. A reversal of an impairment loss on a revalued asset is recognised in other comprehensive income and increases the revaluation surplus for that asset. However, to the extent that an impairment loss on the same revalued asset was previously recognised in profit or loss, a reversal of that impairment loss is also recognised in profit or loss.

57. **After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the asset shall be adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.**

Redesignation of Asset

58. **The redesignation of assets from cash-generating assets to non-cash-generating assets or from non-cash-generating assets to cash-generating assets shall only occur when there is clear evidence that such a redesignation is appropriate. A redesignation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the listed indications applicable to the asset after redesignation.**

Disclosure

59. Paragraphs 60 to 67 set out the disclosure requirements for this Standard. These requirements use the term "an asset" but apply equally to an individual asset or an asset group.

60. **A Statutory Board shall disclose the following for each class of assets:**

    (a) **The amount of impairment losses recognised in profit or loss during the period and the line item(s) of the statement of comprehensive income in which those impairment losses are included.**

    (b) **The amount of reversals of impairment losses recognised in profit or loss during the period and the line item(s) of the statement of comprehensive income in which those impairment losses are reversed.**

    (c) **The amount of impairment losses on revalued assets recognised in other comprehensive income during the period.**

    (d) **The amount of reversals of impairment losses on revalued assets recognised in other comprehensive income during the period.**

61. A class of assets is a grouping of assets of similar nature and use in a Statutory Board's operations.

62. The information required to be disclosed as set out in paragraph 60 may be presented with other information disclosed for the class of assets. For example, this information may be included in a reconciliation of the carrying amount of property, plant and equipment, at the beginning and end of the period, as required by SB-FRS 16.

63. **A Statutory Board shall disclose the criteria it develops internally to distinguish cash-generating assets from non-cash-generating assets in instances where it is unclear whether the primary objective of holding an asset is to generate commercial returns.**

64. **A Statutory Board that reports segment information in accordance with SB-FRS 108 *Operating Segments* shall disclose the following for each reportable segment:**

    (a) **The amount of impairment losses recognised in profit or loss and in other comprehensive income during the period.**

    (b) **The amount of reversals of impairment losses recognised in profit or loss and in other comprehensive income during the period.**

65. **A Statutory Board shall disclose the following for an asset, for which an impairment loss has been recognised or reversed during the period:**

(a) The events and circumstances that led to the recognition or reversal of the impairment loss.

(b) The amount of the impairment loss recognised or reversed.

(c) The nature of the asset.

(d) The reportable segment to which the asset belongs, if the Statutory Board reports segment information in accordance with SB-FRS 108.

(e) The recoverable service amount of the asset and whether the recoverable service amount of the asset is its fair value less costs of disposal or its value in use.

(f) If the recoverable service amount is fair value less costs of disposal, the Statutory Board shall disclose the following information:

(i) The level of the fair value hierarchy (see SB-FRS 113) 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);

(ii) For fair value measurements categorised within Level 2 and Level 3 of the fair value hierarchy, a description of the valuation technique(s) used to measure fair value less costs of disposal. If there has been a change in valuation technique, the Statutory Board shall disclose that change and the reason(s) for making it; and

(iii) For fair value measurements categorised within Level 2 and Level 3 of the fair value hierarchy, each key assumption on which management has based its determination of fair value less costs of disposal. Key assumptions are those to which the asset's recoverable service amount is most sensitive. The Statutory Board shall also disclose the discount rate(s) used in the current measurement and previous measurement if fair value less costs of disposal is measured using a present value technique.

(g) If the recoverable service amount is value in use, the approach used to determine value in use.

66. **A Statutory Board shall disclose the following information for 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 65:**

(a) The main classes of assets affected by impairment losses and the main classes of assets affected by reversals of impairment losses.

(b) The main events and circumstances that led to the recognition of these impairment losses and reversals of impairment losses.

67. A Statutory Board is encouraged to disclose key assumptions used to determine the recoverable service amount of assets during the period.

Transitional Provision

68. This Standard shall be applied prospectively from the date of its application to all existing assets.

Effective Date

69. A Statutory Board shall apply this Standard for annual periods beginning on or after 1 January 2019. Earlier application is encouraged. If a Statutory Board applies this Standard for an earlier period, it shall disclose that fact.

69A. Amendments to this Standard, issued in November 2022, added paragraphs 5A and 13A. A Statutory Board shall apply these amendments for annual periods beginning on or after 1 January 2023. Earlier application is encouraged. If a Statutory Board applies this Standard for an earlier period, it shall disclose that fact.