

IAS 36: Testing Goodwill for Impairment

Excerpt, IFRS Discussion Group Report on Meeting – June 1, 2010

IAS 36 *Impairment of Assets* sets out requirements for identifying cash-generating units (CGUs) and recognising impairment losses for CGUs and goodwill. The members discussed the difficulties some Canadian companies are having in applying the requirements to test goodwill for impairment under IAS 36 after an acquired business has been integrated into existing operations. Specifically, the issue was how to apply the standard when an impairment test does not reflect the economic substance that, in management's opinion, the acquired goodwill no longer has value. The members discussed the challenges in applying IAS 36 to certain situations. The members do not expect diversity in practice, and therefore, recommended that this issue not be brought to the attention of the IFRS Interpretations Committee.