



AS-28: IMPAIRMENT OF ASSETS

SCOPE OF AS 28

- ✓ This AS deals with the impairment of PPE (AS-10) and Intangible assets (AS-26)
- ✓ This AS is not applicable on

AS 28 X {

- AS 02 - Inventory
- AS 07 - Asset Arising out of Construction Contract
- AS 13 - Financial asset incl. Investment
- AS 22 - Deferred Tax Asset

IMPAIRMENT LOSS

When is Impairment Done? When Carrying amount is more than Recoverable Amount

Impairment Loss = Carrying Amount – Recoverable Amount

↳ +ve figure

↳ cost (-) Depn

Note: Ignore Impairment Gain

↳ cost (-) Amortisation

Asset shall be valued

at lower of carrying amt or Recoverable amt

Recoverable amount shall be higher of:

a) Net selling Value = [Expected Sale Price – Estimated Selling Expenses]*

OR

b) Value in use (Mandatory to Calculate) ---> Also linked with CGU

[Present value of Net cash inflows from continuous use of asset & includes its residual value]

*If Estimated selling price > Expected Sale Price then the difference dealt under --> AS-29

machine → cost 500L

(-) Acc. Depn 200L

CA 300L

RA 275L

↓
shirts
produce

∴ Impairment loss ₹25L

↓
sell

Higher of

(a) value in use [PV of net cashflow] → 250L

(b) Net selling price → 275L
[Fmv if sold net of selling exp]

What if

machine → cost 500L

(-) Acc. Depn 200L

CA 300L

RA 500L

∴ No Impairment loss

Ignore gains



* Machine $\longrightarrow$ 2020 purchase $\longrightarrow$ COA ₹500L, scrap value ₹50L, Life 10 year
 After 3 years $\longrightarrow$ There is increase in Interest Rate

Net cash flow from asset are $\longrightarrow$ Y4 Y5 Y6 Y7 Y8 Y9 Y10
 (if used) 200L 250L 250L 300L 150L 100L 33.98L

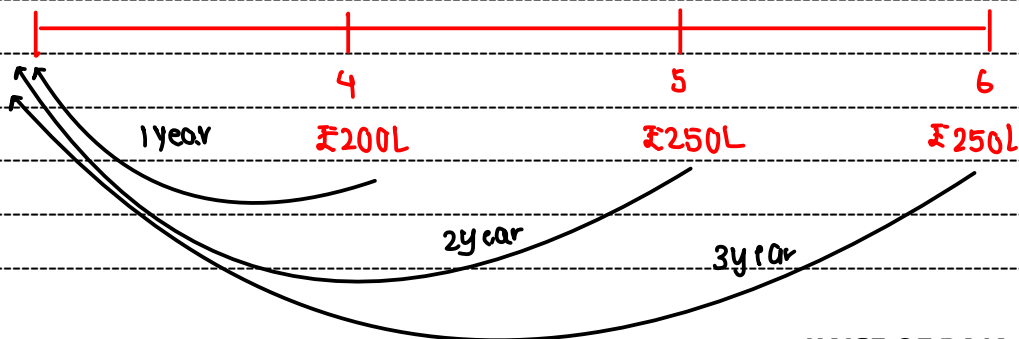
Discounting factor $\longrightarrow$ 10%.

If asset is sold today it will fetch ₹200L [net of selling exp.]
 $\hookrightarrow$ i.e. Year end 3 or Year start 4

8010	₹	
COA 1	500L	Recoverable Amt $\longrightarrow$ Higher of
F) Depn for 3 years	135L	$\therefore$ 973.84L value in use 973.84L
$\left[\frac{500 - 50}{10} \right] \times 3$		or
		Net selling price 200L
CA after 3 years	365L	

Year	Cash Flow	PV F @ 10%	PV
4	200L	$1/(1.1)^1$ 0.9091	₹181.82
5	250L	$1/(1.1)^2$ 0.8264	₹206.60
6	250L	$1/(1.1)^3$ 0.7513	₹187.83
7	300L	$1/(1.1)^4$ 0.6830	₹204.90
8	150L	$1/(1.1)^5$ 0.6209	₹93.14
9	100L	$1/(1.1)^6$ 0.5645	₹56.45
10	33.98 + 50L	$1/(1.1)^7$ 0.5132	₹43.10
			₹973.84

Year end 3





* Machine $\longrightarrow$ 2020 purchase $\longrightarrow$ COA ₹5000L, scrap value ₹50L, Life 10 year
 After 3 years $\longrightarrow$ There is increase in Interest Rate

Net cash flow from asset are $\longrightarrow$ Y4 Y5 Y6 Y7 Y8 Y9 Y10
 (if used) 200L 250L 250L 300L 150L 100L 33-98L

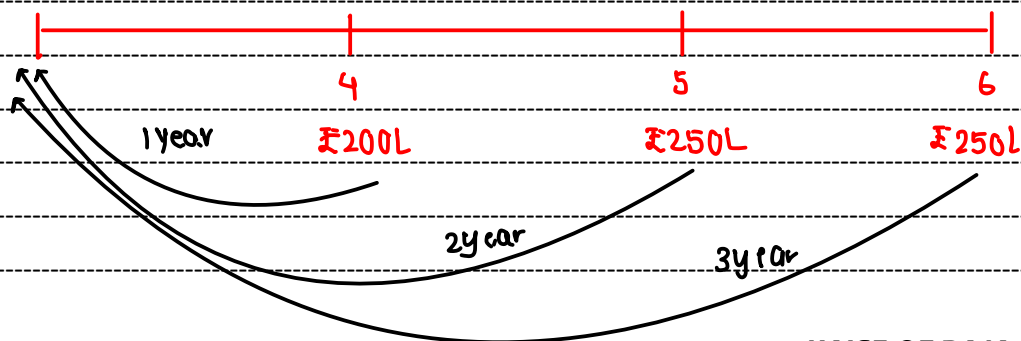
Discounting factor $\longrightarrow$ 10%.

If asset is sold today it will fetch ₹200L [net of selling exp.]
 $\hookrightarrow$ i.e. Year end 3 or Year start 4

8010	₹	
COA 1	5000L	Recoverable Amt $\longrightarrow$ Higher of
F) Depn for 3 years	1485L	$\therefore$ 973.84L value in use 973.84L
$\left[\frac{5000 - 50}{10} \right] \times 3$		or
CA after 3 years	3515	Net selling price 200L

	Year	Cash Flow	PV F @ 10%	PV
	4	200L	$1/(1.1)^1$ 0.9091	₹181.82
CA 3515	5	250L	$1/(1.1)^2$ 0.8264	₹206.60
RA 973.84	6	250L	$1/(1.1)^3$ 0.7513	₹187.83
	7	300L	$1/(1.1)^4$ 0.6830	₹204.90
$\therefore$ Impairment	8	150L	$1/(1.1)^5$ 0.6209	₹93.14
Loss ₹2541.16	9	100L	$1/(1.1)^6$ 0.5645	₹56.45
	10	33-98L + 50L	$1/(1.1)^7$ 0.5132	₹43.10
				₹973.84

Year end 3





Additional Points for Value in Use:

1. **Net Cash Inflows** = Gross Inflows (incl. residual value) – Outflow to generate inflows
2. Such cash flows should be reasonable and supportable to assumptions of management
3. Cash flows should be taken for a maximum of 5 years unless justified
4. Use only Pre Tax discounted rates

Can Recoverable Amount be Negative ---> No

Refer PQ7

Example:

Machine → CA ₹ 100L

RA ₹ 0L
Impairment Loss ₹ 100L

→ Higher of

(1) value in use → ₹ 0

(2) Net selling price → Estimated SP (-) Selling Exp

0 (-) 20L

= -20L

↳ As 29 deals it

PQ7

CA of Asset ₹ 6,00,000

RA of Asset 0

↳ value in use ₹ 0

Or

Net selling price (₹ 70,000)

[0 (-) 70,000]

Impairment Loss ₹ 6,00,000



ILL 1

31/12/2011 → Net selling price is ₹20000L

Year	Net cash flow [₹ in Lakhs]	PV Factor	PV
2012	4000	0.8696	3478.4
2013	6000	0.7561	4536.6
2014	6000	0.6575	3945
2015	8000	0.5718	4574.4
2016	5000	0.4972	2486
	[4000+1000]		19,020.4

PPE Cost of Acquisition → 40,000L

Dt of Acquisition → 01/10/09

Useful Life 8 year

∴ Cal. of carrying amount as on 31/12/11

	₹ [in Lakhs]
Cost of Acquisition	40,000
F- Depn $\left[\frac{40000 - 1000}{8} \times 3 \right]$	14,625
Carrying amount as on 31/12/11	25,375

Calculation of Recoverable amount

Higher of value in use (i.e ₹19020.4)

Or

Net selling price (i.e ₹20000L)

∴ Recoverable amount is ₹20,000

Cal. of Impairment loss = ₹25,375 - ₹20,000
= ₹5,375

Revised carrying amt = 25,375 - 5,375
= ₹20,000

Impairment loss from
To Asset A/c



$$\begin{aligned} \text{Revised Depn for 2012} &= \frac{20,000 (-) 1000}{[8-3]} \\ &= ₹3800 \end{aligned}$$

Illustration 2

Year	Net cash flow (₹ in Lakhs)	PV F@ 10%	PV
2012	50	0.9091	45.455
2013	30	0.8264	24.792
2014	30	0.7513	22.539
2015	20	0.6830	13.660
2016	25	0.6209	15.523
Value in use →			121.969
3Digit ICAF			121.92

Net selling price → 60
 ∴ Recoverable Amt → 121.969



ACCOUNTING TREATMENT

Journal Entries

Date	Particulars	L/F	Dr.	Cr.
01	Revaluation Reserve (if any) A/c Dr.			
	Impairment Loss A/c Dr.			
	To Accumulated Impairment Loss A/c			
02	Profit and Loss A/c Dr.			
	To Impairment Loss A/c			

Balance Sheet:

	Cost of Asset	xx
	Less: Accumulated Depreciation or Accumulated Amortization	(xx)
	Less: Accumulated Impairment Loss	(xx)
	Carrying amount	xx

Note:

- ✓ Depreciation for future periods will be reduced due to impairment loss
- ✓ Create Deferred Tax Assets on it as it is not allowed under Income Tax ---> AS-22

	Initial Recognition	Subsequent Recognition
AS 10 → PPE	@ cost	@ cost model @ Revaluation model
AS 26 → ITA	@ cost	@ cost

AS 10 or AS 26
Subsequent Recognition cost
Impairment Loss A/c Dr.
To Asset A/c

P&L A/c Dr.
To Impairment Loss A/c

AS 10
Subsequent Recognition @ Reval model
Impairment Loss A/c Dr.
To Asset A/c

Revaluation surplus A/c Dr.
P&L A/c Dr.
To Impairment Loss A/c



TREATMENT OF IMPAIRMENT LOSS (in case of Cost or Revaluation Model)

If Cost Model is Followed (AS-10 & AS-26) ---> **Impairment Loss transferred to P&L A/c**

If Revaluation Model is Followed (AS-10) --->

1st **Impairment Loss is adjusted from Revaluation Reserve (if any)** ^{or surplus}

2nd **Bal. Of Impairment loss (if any) transferred to P&L A/c**

ACCOUNTING TREATMENT

Journal Entries

Date	Particulars	L/F	Dr.	Cr.
01	Revaluation Reserve (if any) A/c Dr.			
	Impairment Loss A/c Dr.			
	To Accumulated Impairment Loss A/c			
02	Profit and Loss A/c Dr.			
	To Impairment Loss A/c			

Balance Sheet:

Cost of Asset	xx
Less: Accumulated Depreciation or Accumulated Amortization	(xx)
Less: Accumulated Impairment Loss	(xx)
Carrying amount	xx

Note:

- ✓ Depreciation for future periods will be reduced due to impairment loss
- ✓ Create Deferred Tax Assets on it as it is not allowed under Income Tax ---> AS-22

Illustration 3

01/04/10 → COA ₹ 7,00,00,000
useful life 7 years

∴ carrying amount as on 01/04/14

Life → 7

Ex) 4

3

COA	₹ 7,00,00,000
Ex) Depn $\left[\frac{7,00,00,000 \times 4}{7} \right]$	₹ 4,00,00,000

i.e. carrying amt	₹ 3,00,00,000
+ upward Revaluation	₹ 2,10,00,000
	₹ 5,10,00,000
Ex) Depn $\left[\frac{5,10,00,000 \times 2}{3} \right]$	₹ 3,40,00,000

→ PPE A/c Dr. 2.1 cr
TO Reval. Reserve A/c 2.1 cr

CA 31/03/16	₹ 1,70,00,000
Recoverable Amt	₹ 79,00,000

∴ Impairment Loss	₹ 91,00,000
Adj. against RR	₹ 70,00,000
If TO PAL A/c	₹ 21,00,000

JE1- Impairment Loss A/c Dr. 91,00,000
TO PPE A/c 91,00,000

Revaluation Reserve A/c Dr. 70,00,000 (WN1)
PAL A/c Dr. 21,00,000
TO Impairment Loss A/c 91,00,000



WN1:- Bal. in Revaluation Reserve

Depn p.a before Revaluation ₹1,00,00,000

Depn p.a after Revaluation ₹1,70,00,000

Increase in Depn p.a ₹ 70,00,000

No. of years passed after Revaluation 2

∴ Amount trf from Revaluation Reserve → $70\text{L} \times 2$ i.e 1,40,00,000
to Retained earning

Hence Bal. Left → $2,10,00,000 \rightarrow 1,40,00,000$
= ₹ 70,00,000



INDICATORS OF IMPAIRMENT LOSS (i.e. When to Conduct Impairment Test)

External Indicators

- ✓ Low Market Capitalization → market Demand ↓, due to increase in competitor, or Better product
- ✓ Market Price of asset had declined substantially Asset → MP ↓, Fmv ↓, Net selling price ↓
- ✓ Unfavorable market conditions against entity → Product sale ↓, value in use ↓ → ∴ chance RA ↓
- ✓ Market interest rates have increased substantially
 ↳ Reason ∴ Economy Risk of Default increase
 Interest Rate ↑, Discounting factor ↑, value in use ↓

Internal Indicators

- ✓ Performance of asset is lower than expected
- ✓ Asset has become idle or there is plan to dispose of the asset
- ✓ Physical damage to asset
- ✓ Company has plans of restructuring or discontinuation

“Whenever, there is indication we conduct Impairment test. Indication perse doesn't means impairment”

↓
check CA and RA

ILLUSTRATION 4

	₹
COA	150L
(C) Depn for 4 years $[150L \times 10\% \times 4]$	<u>60L</u>
∴ CA after end of 4 years	90L
Revalued to	75L
∴ Amt trf to P&L AC	15L

∴ Revised carrying amt after Revaluation ₹75L

Recoverable Amt ₹64.5L
 Higher of value in use i.e. ₹60L
 or
 Net selling price i.e. ₹64.5L
 $[67.5 - (3L)]$

∴ Impairment Loss ₹10.5L





PB,11	₹	
COA	5,00,00,000	AS on 31/03/21
(-) Acc. Depn	4,15,00,000	→ Net selling price ₹ 30L
CA as on 31/03/21	85,00,000	→ Value of use ₹ 35L
Depn for 2021-22	25,00,000	
CA as on 31/03/22	60,00,000	AS on 31/03/22
		→ Net selling price ₹ 24L
		→ Value in use ₹ 24.5L

(ii) AS on 31/03/22 → carrying amt ₹ 60,00,000
Recoverable amt ₹ 24,50,000

∴ Impairment Loss = ₹ 60,00,000 (-) ₹ 24,50,000
trf to P&L A/c = ₹ 35,50,000

(i) Hence Revised CA = 60,00,000 (-) 35,50,000
= ₹ 24,50,000

(iii) If Revaluation Reserve is ₹ 12,00,000
Then out of total impairment loss of ₹ 35,50,000
₹ 12,00,000 will be adjusted from Reval. Reserve
Bal. ₹ 23,50,000 trf to P&L A/c

(iv) AS on 31/03/22 → CA	₹ 60,00,000	
RA	₹ 0	Higher of
		value in use ₹ 0
∴ Impairment Loss	₹ 60,00,000	OR
∴ Revised CA = 60L (-) 60L		Net selling price (₹ 2L)
	= 0	[0 (-) 2L]



CASH GENERATING UNIT (CGU)

Meaning: It is the smallest identifiable group of assets working together to generate cash flows that are largely independent of cash inflows from other assets or groups.

Ex:

Mic or Camera individually has no value in use in Teaching, but whole Teaching Setup has value in use.

Therefore, Individual Value in Use test is not possible and Hence here come CGU

Note: If asset is capable of generating cash flows on an independent basis, then such single asset is CGU

	cgu						
AS10 → PPE →	camera	mic	Laptop	Tablet	Pencil	Panel [incl. pencil]	Total
cost [excl. gst]	125000	25000	100000	25000	7000	125000	
⇒ Depn @ 10% for 2 years	25000	5000	20000	5000	1400	25000	
carrying amount	100000	20000	80000	20000	5600	100000	3,25,600
Recoverable amt	x	x	x	x	x	x	3,00,00,000

Carrying amount of CGU → Because I cannot cal. value in use individually

Summation of carrying amount of all assets grouped under one CGU and it includes liabilities also only if it is necessary to be considered

↳ Ex:- Decommissioning and Restoration

Teacher x					
	camera	mic	Panel	good will	Total
Asset CA	1,00,000	25,000	1,25,000	2,00,000	4,50,000
Recoverable Amt					2,00,000
Impairment	(20,000) $[50000 \times \frac{1L}{2.5L}]$	(5,000) $[50000 \times \frac{0.25L}{2.5L}]$	(25,000)	(2,00,000)	2,50,000
					1st pref



Treatment of Impairment Loss of CGU

1. Use first to Goodwill allocated to CGU and
2. Then to other assets on Pro rata basis based on carrying amount of each asset in CGU

Treatment of Goodwill

It cannot generate cash flows independently from other assets or group of assets therefore its recoverable amount cannot be determined

CASE 1: If Goodwill can be allocated on reasonable and consistent basis: Apply Bottom-Up

Test only

Noida office $\rightarrow$ 2 cgu $\rightarrow$ 2 Type studio $\rightarrow$ Panel $\rightarrow$ Commerce $\rightarrow$ cgu 1 $\rightarrow$ CA ₹10L
 $\rightarrow$ Ipad $\rightarrow$ CA $\rightarrow$ cgu 2 $\rightarrow$ CA ₹4L
 $\rightarrow$ goodwill $\rightarrow$ 3,00,000 $\rightarrow$ Allocable to cgu 1 $\rightarrow$ 60%.
 [purchased] cgu 2 $\rightarrow$ 40%.

	CGU 1	goodwill	Total
CA	10L	1.8L (3L x 60%)	11.8L
RA			9L
Impairment	(1L)	(1.8L)	<u>2.8L</u>

	CGU 2	goodwill	Total
CA	4L	1.2L (3L x 40%)	5.2L
RA			6.0L
Impairment			0



Test-1

CASE 2: If Goodwill cannot be allocated on reasonable and consistent basis: Apply both

Bottom-Up Test and Top-Down Test → Test 2

Noida office → 2 CGU → 2 Type studio → Panel → Commerce → CGU 1 → CA ₹10L
 ↳ Ipad → CA → CGU 2 → CA ₹4L
 ↳ Goodwill → 3,00,000 → Allocable X
 [purchased]

Ex 1:- 1st Test :- Bottom up

	CGU 1		CGU 2
CA	10L	CA	4L
RA	9L	RA	5L
Impairment	1L	Impairment	0
∴ Revised CA	₹9L	∴ CA	₹4L

2nd Test TOP-Down

	CGU 1	CGU 2	GW	Total
CA	9L	4L	3L	16L
RA				15L
Impairment	-	-	(1L)	1L

Ex 2:- 1st Test :-

	CGU 1		CGU 2
CA	10L	CA	4L
RA	9L	RA	5L
Impairment	1L	Impairment	0
∴ Revised CA	₹9L	∴ CA	₹4L

2nd Test

	CGU 1	CGU 2	GW	Total
CA	9L	4L	3L	16L
RA				10L
Impairment	(2.08)	(0.92)	(3L)	6L
	$\frac{[9L \times 9]}{13}$	$\frac{[3L \times 4]}{13}$		

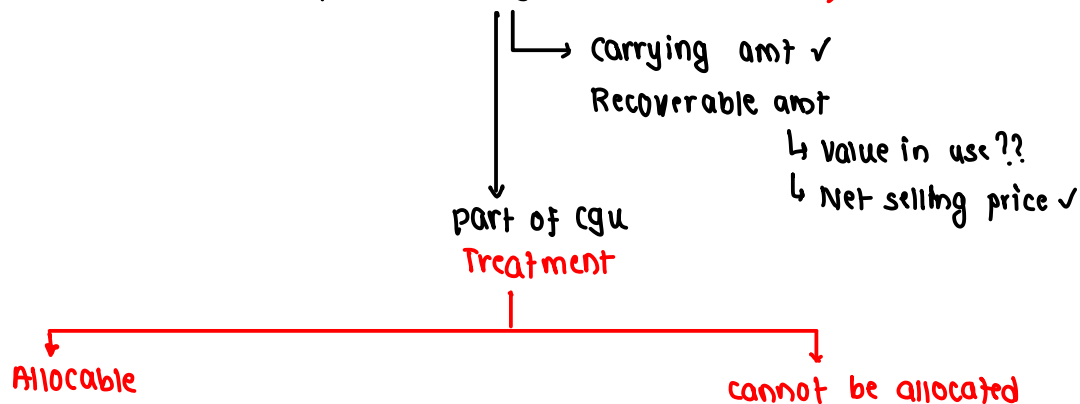


Treatment of Corporate Assets

Treatment is same as Goodwill with 1 Exception allocation of Impairment loss

[Example: Administrative assets like HO Building, EDP Equipment's, Research units, etc.]

RRG Edtech Pvt. Ltd → Head office → Nagpur (Administrative)



2 CGU → 2 Type studio → Panel → Commerce → CGU 1 → CA ₹10L
↳ Ipad → CA → CGU 2 → CA ₹4L

Nagpur office → 3,00,000 → Allocable to CGU 1 → 60%.
CGU 2 → 40%.

	CGU 1	Corporate Office	Total
CA	10L	1.8L (3L x 60%)	11.8L
RA			9L
	2.37	0.43L	2.8L
	$\left[2.8L \times \frac{10L}{11.8L}\right]$	$\left[2.8L \times \frac{1.8L}{11.8L}\right]$	

	CGU 2	Corporate Office	Total
CA	4L	1.2L (3L x 40%)	5.2L
RA			6.0L
Impairment			0

Corporate Office → Not Allocable

Ex1:- 1st Test :-

	CGU 1	CGU 2
CA	10L	4L
RA	9L	5L
Impairment	1L	0
∴ Revised CA	₹9L	₹4L

	CGU 1	CGU 2	Corporate Asset	Total
CA	9L	4L	3L	16L
RA				15L
Impairment	0.5625L	0.25L	0.1875L	1L
	$\left[1L \times \frac{9}{16}\right]$	$\left[1L \times \frac{4}{16}\right]$	$\left[1L \times \frac{3}{16}\right]$	



Example :- Not Allocable, Test 2

	CGU1	CGU2	Corporate Asset	GW	Total
CA	10L	12L	8L	10L	40L
RA					25L
Impairment	1.67L	2L	1.33L	10L	15L
	$\left[5L \times \frac{10}{30} \right]$	$\left[5L \times \frac{12}{30} \right]$	$\left[5L \times \frac{8}{30} \right]$		



PQ9

As on 31/03/22	→	carrying amt	₹ 41,00,000
		Recoverable amt	Not able to find
			↓
			Value in use → is not available individually
			Net selling price → ₹36,00,000

∴ CGU [incl. machine]	→	carrying amount	₹ 3,46,00,000
		Recoverable amount	54,00,00,000
		Value in use	54cr
		Net selling price	4.4cr
		Impairment	-

If CGU has no impairment, then asset under CGU cannot be impaired and vice-versa



Q4	CGU			Allocable	Not Allocable
	A	B	C	HQ - Bldg	Research Centre
As on 31/03/18					
(A) useful life	10	20	20	20	20
(B) carrying amt	100L	150L	200L	150L	50L
(C) Relative carrying amt	1000	3000	4000		
∴ Bldg cost allocation	18.75L	56.25L	75L		
	$\left[\frac{150L \times 1000}{8000} \right]$	$\left[\frac{150L \times 3000}{8000} \right]$	$\left[\frac{150L \times 4000}{8000} \right]$		

Test 1

	CGU1	CGU2	CGU3
∴ carrying amt	118.75L	206.25L	275L
Recoverable amt	199.00L	164.00L	271L
Impairment	-	42.25L	4L
Revised CA	118.75L	164.00L	271L

Asset / CGU wise impairment

	CA	Impairment
CGU2 + Bldg → CGU2	150	30.73 $\left[\frac{42.25 \times 150}{206.25} \right]$
Bldg	56.25	11.52 $\left[\frac{42.25 \times 56.25}{206.25} \right]$
		42.25

CGU3 + Bldg → CGU3	200	2.91 $\left[\frac{4L \times 200}{275} \right]$
Bldg	75	1.09 $\left[\frac{4L \times 75}{275} \right]$

Test 2

	CGU1	CGU2	CGU3	Bldg	Research Centre	Total
carrying amt	100L	150L	200L	150L	50L	650L
(-) Impairment		30.73	2.91L	12.61	-	46.25
Revised CA	100L	119.27	197.09	137.39	50L	603.75
Recoverable amt						720
Impairment						0

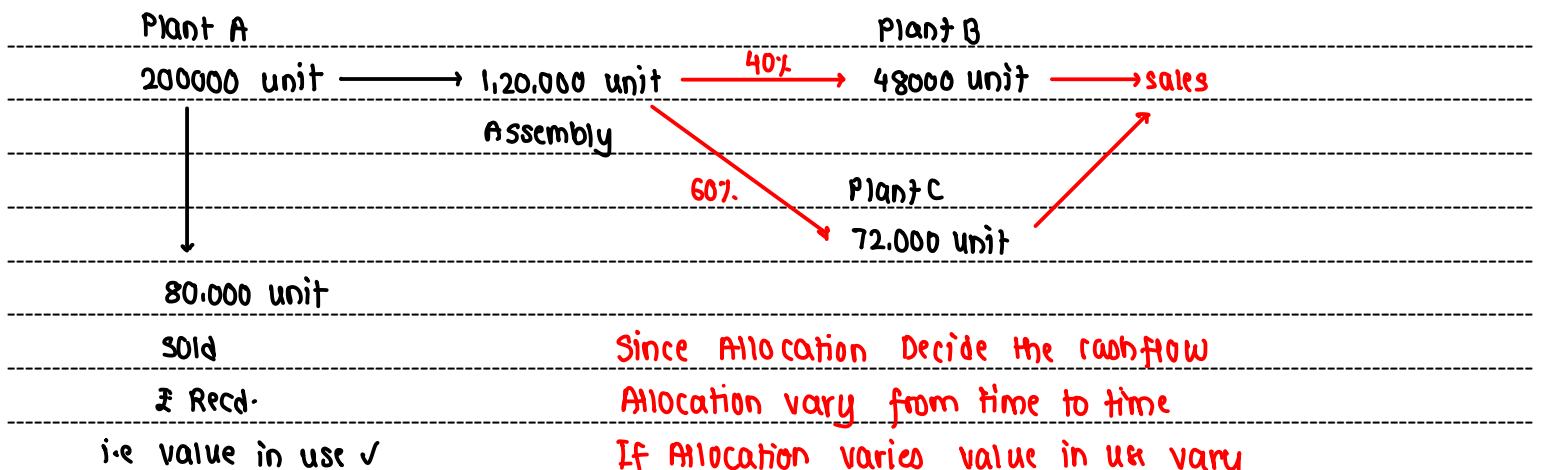
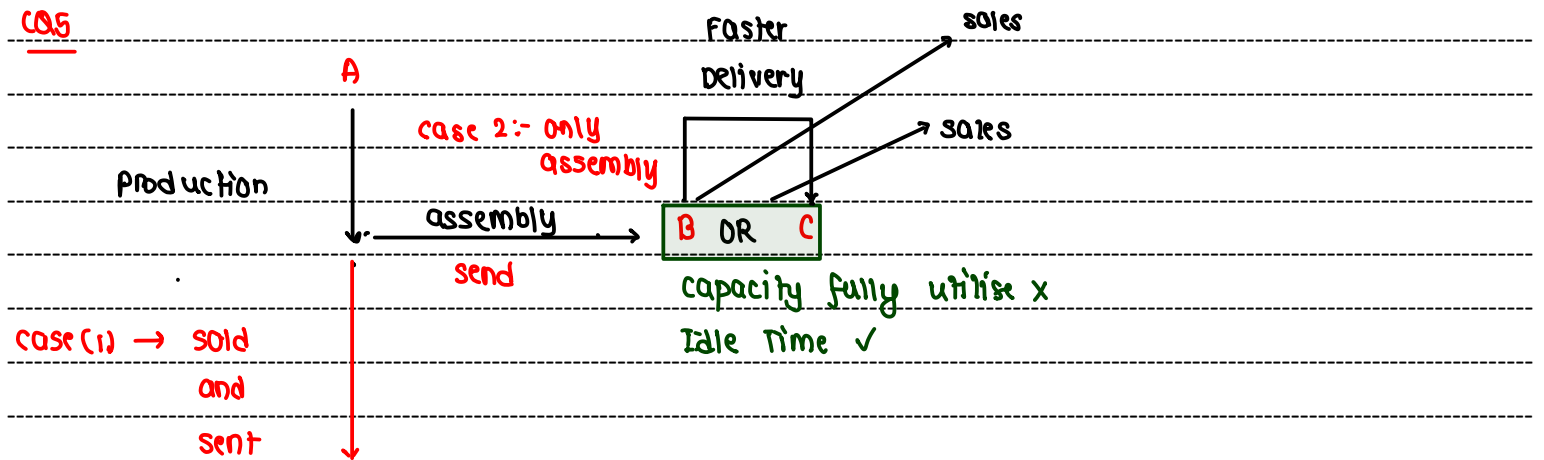


Q6

₹ in lakhs

	CGU	GW	Total
COA	6,000	2,000	
(→) Dep ⁿ / Amortisation for 2 years	2,400 [6000/5 × 2]	1,000 [2000/4 × 2]	
31/03/18 → carrying amt	3,600	1,000	4,600
Recoverable amt			3,459.40
Impairment	140.60	(1,000)	1,140.60
Revised CA	3,459.40	0	

Q5





REVERSAL OF IMPAIRMENT LOSS

If indicators due to which impairment loss recognized earlier no longer exists, then Impairment Loss shall be reversed

Reversal shall be lower of

a) Recoverable amount – Carrying amount

OR

b) Impairment loss recognized earlier

Note: Goodwill written off can be reversed only if certain conditions are met → Reversal possible if Done within 5 year of purchase

Example :-

01/01/15	COA	10,00,000	→ Life 20 years
31/12/20	Depn	3,00,000	
		$\left[\frac{10L}{20} \times 6 \right]$	
	CA 31/12/20	7,00,000	
	RA 31/12/20	5,60,000	
	Impairment Loss	1,40,000	
	∴ Revised CA	→ 5,60,000	
31/12/24	Depn	1,60,000	
		$\left[\frac{5.6L}{14} \times 4 \right]$	
	CA 31/12/24	4,00,000	
	RA 31/12/24	6,00,000	

(a) PL A/c Dr. 1.4L

(b) Reval. Reserve Dr. 1.4L

(c) Reval. Reserve Dr. 0.8L

PL A/c Dr. 0.6L

} Reversal of impairment ₹2,00,000 X

₹1,40,000 X

Cal. CA as on 31/12/24 as if initially no impairment

COA	₹ 10,00,000
(-) Depn	₹ 5,00,000
	$\left[\frac{10L}{20} \times 10 \right]$
	<u>₹ 5,00,000</u>
CA if asset was impaired	₹ 4,00,000

} ₹1,00,000 will be reversed

∴ JE :-

(a)		(b)		(c)		
PPE A/c	Dr.	IL		PPE A/c	Dr.	IL
To P/L A/c		IL	or	PPE A/c	Dr.	IL
				To Reval. Reserve A/c		IL

Example :-

				Impairment not done	Impairment done	Diff
01/01/15	COA	10,00,000				
31/12/20	Depn	3,00,000	Y1	[10L/20] ₹50,000	[10L/20] ₹50,000	0
	$\left[\frac{10L}{20} \times 6\right]$		Y2	—	—	0
			Y3	—	—	0
CA	31/12/20	7,00,000	Y4	—	—	0
RA	31/12/20	5,60,000	Y5	—	—	0
Impairment Loss	1,40,000		Y6	—	—	0
∴ Revised CA	→ 5,60,000		Y7	—	[5.6L/14] 40,000	10,000
31/12/24	Depn	1,60,000	Y8	—	—	10,000
	$\left[\frac{5.6L \times 4}{14}\right]$		Y9	—	—	10,000
			Y10	—	—	10,000
CA	31/12/24	4,00,000		(Dr)	(Cr)	
RA	31/12/24	6,00,000				
Tot Imp. = 140000 (-) 40,000 Loss Profit = ₹1,00,000 Reverse ↳ Pal cr.						

Example 2

Goodwill Purchase	01/01/21	₹5,00,000	→ Life AS 14 → 5 year
31/12/22 → Amortisation		₹2,00,000	
CA	31/12/22	₹3,00,000	CA 31/12/25 → Impairment x ₹0
RA	31/12/22	₹1,20,000	Impairment ✓ ₹0
Impairment		₹1,80,000	
CA (Revised)	31/12/22	₹1,20,000	Reversal → ₹0
31/12/25 → Amortisation		₹1,20,000	
	$[120000 / 3 \times 3]$		
CA		₹ 0	
RA		₹ 1,50,000	



5 year → 31/12/19

CQ2

CGU

	Asset (other than GW)	GW	Total
COA → 31/12/2014	4,000	2,000	6,000
⇒ Depn / Amortisation 4 years $\left[\frac{4000}{15} \times 4 \right]$	1,066.67	$\left[\frac{2000}{5} \times 4 \right]$ 1,600	2,666.67
CA → 31/12/18	2,933.33	400	3,333.33
Recoverable 31/12/18			2,720
Impairment	(213.33)	(400)	613.33
Revised CA	2,720	0	
⇒ Depn for 2 years $\left[\frac{2720}{11} \times 2 \right]$	494.55		
CA as on 31/12/20	2,225.45		
RA as on 31/12/20	3,420		

Reversal of impairment

x (A)	1,194.55	[3,420 - 2,225.45]
x (B)	613.33	
✓ (C)	174.55	

WN1:-

Other Asset

GW

CA of asset as on 31/12/20

→ without impairment (WN1)	2,400	0
→ with impairment	2,225.45	0
Reversal	174.55	0

WN2:

COA ⇒ Depn 6 year	
4,000 ⇒ $\left[\frac{4000}{15} \times 6 \right]$	



Q3

Own

150 magazine Titles → 70 purchase AS 26 ITA ✓ Recognise ✓

↓
80 internally generated
AS 26 ITA Recognise x

kaunse title se kya cash flow aayega → Identifiable value in use ✓

Identifiable ✓ Economic Life ✓

after end of economic life → abandon individually



DISCLOSURE REQUIREMENTS

Kya राजा ! Ab Disclose कर ले ?

- ✓ Impairment loss recorded in profit and loss A/c
- ✓ Impairment loss adjusted with revaluation reserve
- ✓ Segments affected by impairment
- ✓ Indicators used for calculations
- ✓ Assumptions applied in calculation of recoverable amount
- ✓ CGU and its identification
- ✓ Impairment loss reversed during the year