

Checklist for Testing and Adjusting for Impairment

INTRODUCTION

This self-assessment checklist for identifying and accounting for impairment will help to ensure your agency's impairment processes for property, plant and equipment reflect better practice - the items in this checklist do not represent mandatory policies. The questions in this checklist should be revisited regularly to facilitate continued compliance with the Non-Current Asset Policies for the Queensland Public Sector and AASB 136 Impairment of Assets.

This checklist was compiled on a not-for-profit basis and is intended to provide guidance to not-for-profit departments and statutory bodies to assist the impairment testing and accounting process. For-profit statutory bodies should be aware of and comply with the comprehensive impairment requirements in AASB 136.

OBJECTIVE

To ensure the agency's property, plant and equipment has been reliably assessed for impairment and adjusted (where necessary).

No	Question	Yes	No	Improvements/ Actions Required
<u>SYSTEMS</u>				
1	<ul style="list-style-type: none"> Does the agency have a comprehensive framework (including a governance framework) in place for annual testing for impairment of its property, plant and equipment? Does this framework consider the identification of cash generating units (CGUs) (where applicable)? Are these systems/processes adequately documented in the agency's Financial Management Practice Manual? 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	<ul style="list-style-type: none"> Has a responsible officer been assigned by management to undertake annual impairment testing of property, plant and equipment? Does the responsible officer have the appropriate skills, competencies and experience in testing for impairment of property, plant and equipment? <p>For example – skills and experience from impairment testing in prior years; a working knowledge of Australian Accounting Standards, or a strong working relationship with the asset manager/accounting manager.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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	<ul style="list-style-type: none"> Has the agency developed and implemented an agreed format, and minimum information required for the working papers relating to annual testing for indicators of impairment? 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7	<ul style="list-style-type: none"> Have asset/asset class indicators of impairment been endorsed by the Audit Committee? 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8	<ul style="list-style-type: none"> Have agency specific impairment indicators and policies been reviewed, and modified where appropriate, in the context of the current economic environment? 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>IMPAIRMENT TESTING AND ADJUSTMENTS</u>				
9	<ul style="list-style-type: none"> Has the agency identified and developed key assumptions for the testing of its property, plant and equipment for impairment or impairment reversals? Is there sufficient substantiation of the assumptions underlying any impairment, including objective evidence, to support the impairment calculation, or to refute the need to impair (which should be documented in work papers after approval by CFO)? 	<input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>
10	<ul style="list-style-type: none"> Has the agency identified the types of objective evidence required to support any adjustments made for impairments or impairment reversals (e.g. statistical data, memos, newspaper articles or other documentation related to potential impairments)? During the examination process, did the agency access a wide range of information that extends beyond that traditionally gathered for accounting purposes – e.g. from sources such as operational staff, legal, administrative and managerial processes? 	<input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>
11	<ul style="list-style-type: none"> Does the agency have in place a documented methodology for the determination of impairment adjustments (including impairment reversals), based on identified impairment indicators for the agency's assets? Where impairment or impairment reversal is identified in a CGU, is there a documented methodology for the determination and allocation of impairment adjustments (including impairment reversals) across assets within the CGU? 	<input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>

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12	<ul style="list-style-type: none"> Where there are one or more indicators of impairment or impairment reversal, has the agency prepared reliable and comprehensive documentation to substantiate the calculation of material impairment or impairment reversals? 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13	<ul style="list-style-type: none"> On revaluation, did the agency review and adjust the accumulated impairment losses appropriately according to the valuation approach used (refer to NCAP 4.6 in the <i>Non-Current Asset Policies for the Queensland Public Sector</i>). 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
FINANCIAL REPORTING DISCLOSURES				
14	<ul style="list-style-type: none"> For each class of asset, has the agency disclosed the amount of impairment loss recognised in the Statement of Comprehensive Income during the period? 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15	<ul style="list-style-type: none"> For each class of asset, has the agency disclosed the amount of reversals of impairment losses recognised in the Statement of Comprehensive Income? 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16	<ul style="list-style-type: none"> For each class of asset, has the agency disclosed the amount of impairment loss on revalued assets recognised as an offset to the asset revaluation surplus? 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17	<ul style="list-style-type: none"> For each class of asset, has the agency disclosed the amount of reversals of impairment losses on revalued assets recognised as an offset to the asset revaluation surplus? 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18	<ul style="list-style-type: none"> For each material impairment, has the agency disclosed: <ul style="list-style-type: none"> ✓ the events and circumstances leading to the impairment or reversal of the impairment? (refer to para 130(a) in AASB 136); 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<ul style="list-style-type: none"> <ul style="list-style-type: none"> ✓ the amount of the impairment or reversal of the impairment? (refer to para 130(b) in AASB 136). 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19	<ul style="list-style-type: none"> For each material impairment or reversal of impairment of an individual asset, has the agency disclosed: <ul style="list-style-type: none"> ✓ the nature of the asset? (refer to para 130(c)(i) in AASB 136); 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<ul style="list-style-type: none"> <ul style="list-style-type: none"> ✓ the reportable segment to which the asset belongs, if applicable? (refer to para 130(c)(ii) in AASB 136). 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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