

**Question #1** (AICPA.120205FAR-SIM)

Restoration of the carrying value of a long-lived asset is permitted under IFRS if the asset's fair value increases subsequent to recording an impairment loss for which of the following?

	Held for use	Held for disposal
<input checked="" type="checkbox"/>	Yes	Yes
<b>Under IFRS the impairment loss can be recovered if the asset is held for use or disposal.</b>		
<input type="checkbox"/>	Yes	No
<input type="checkbox"/>	No	Yes
<input type="checkbox"/>	No	No

**Question #2** (AICPA.120206FAR-SIM)

Under IFRS the test for asset impairment is to compare the carrying value of the asset to its recoverable amount. Which of the following is the recoverable amount according to IFRS?

- ☐ A. The greater of future undiscounted cash flows or future discounted cash flows.
- ☐ B. The greater of future discounted cash flows or fair value.
- ☒ C. The greater of fair value less cost to sell or value in use.

**The greater of fair value less cost to sell or value in use is the recoverable amount according to IFRS.**

- ☐ D. The greater of fair value or value in use.

**Question #3** (AICPA.120204FAR-SIM)

A company has a long-lived asset with a carrying value of \$120,000, expected future cash flows of \$130,000, present value of expected future cash flows of \$100,000, and a market value of \$105,000. Under IFRS what amount of impairment loss should be reported?

- ☐ A. \$0
- ☐ B. \$5,000
- ☒ C. \$15,000

**This response is the difference between carrying value and recoverable amount. According to IFRS the recoverable amount is the greater of fair value less cost to sell (\$105,000) or value in use (\$100,000). Value in use is the discounted cash flows. Therefore, this asset is has an impairment of \$15,000 because the recoverable amount is \$105,000 and the carrying value is \$120,000.**

- ☐ D. \$20,000

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