HMRC - CFM23068 - FRS 102: Impairment: Accounting Treatment

Treatment of impairment losses

FRS 102 requires that where there is objective evidence of impairment, the entity recognises the impairment loss in the profit or loss immediately.

Measurement of impairment loss

FRS 102 states that an impairment loss shall be measured:

For an instrument measured at amortised cost, the impairment loss is the difference between the assets carrying value and the present value of the estimated future cash flows discounted at the assets original effective interest rate (where interest is variable the current effective interest rate is used).

For an instrument carried at cost less impairment, the impairment loss is measured as the difference between the assets carrying value and the best estimate of the amount which would be received if the asset was sold at the reporting date

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