Committee of European Securities Regulators

IFRIC

30 Cannon Street
London, EC4M 6XH L
United Kingdom

ifric@iasb.org

Date: 22 April 2010
Ref.: CESR/10-495

RE: IFRIC's Tentative Agenda decision on IFRS 5 Non-current Assets Held for Sale and Discontinued Operations – *Reversal of disposal group impairment losses relating to goodwill*

The Committee of European Securities Regulators (CESR) has considered, through its standing committee on financial reporting (CESR-Fin), the tentative decision of the International Financial Reporting Interpretations Committee (IFRIC) to not to add to its agenda a request for guidance on whether an impairment loss for a disposal group classified as held for sale can be reversed if it relates to the reversal of an impairment loss recognized for goodwill in a previous period.

We thank you for this opportunity to comment on your tentative agenda decision and we are pleased to provide you with the following comments.

IFRIC states in its tentative decision that the conditions for adding the issue to the IFRIC agenda are fulfilled except that it is not probable that it will be able to reach a consensus on the issue on a timely basis. From the observer notes it seems that the whole issue is due to perceived inconsistencies within IFRS 5 between paragraph 23 on the one hand and paragraphs 22 and 15 on the other hand. However, CESR understands that the decision to reject the issue has been reached as a result of a limited number of IFRIC members believing that it is appropriate to recognise a reversal of impairment on goodwill included in a disposal group.

IFRIC considers that there is potentially significant divergence in practice and the views expressed during the meeting might encourage this diversity. CESR therefore believes the issue to be relevant and deserving further consideration by IFRIC, especially given the current market conditions. CESR believes that a clarification is needed before different practices develop.

We are also of the view that the issue should be dealt with before a post-implementation review of IFRS 5. There is no clear commitment yet from the IASB that it will perform such a review in the near future. CESR further believes that clarification could be provided by mentioning which paragraphs within IFRS 5 take precedence over the others. Such a clarification could be within the remit of IFRIC. Alternatively this could be done via the annual improvements project. CESR therefore would like to encourage the IFRIC to revise its tentative decision and to add the issue to its agenda for discussion.

I would be happy to discuss all or any of these issues further with you.

Yours sincerely,

Fernando Restoy
Chair of CESR-Fin