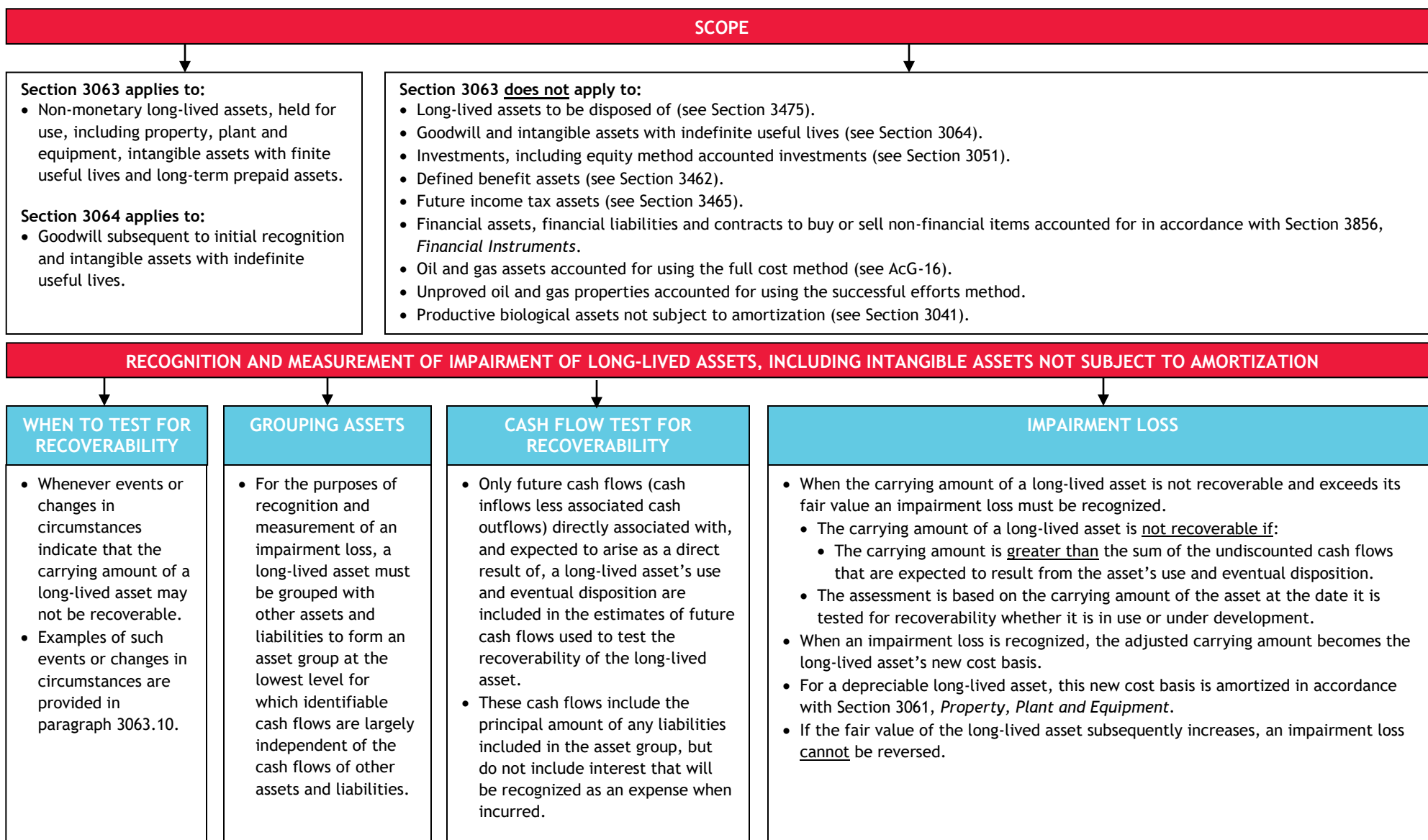




# Impairment of Long-lived Assets & Goodwill<sup>1</sup>

Effective Date  
Fiscal years beginning on or after January 1, 2011<sup>2</sup>



<sup>1</sup> Includes Section 3063 - *Impairment of Long-lived Assets*, and portions of Section 3064 - *Goodwill and Intangible Assets* related to goodwill. For the remainder of the guidance provided in Section 3064 related to intangible assets, please refer to our publication "ASPE AT A GLANCE - *Intangible Assets*".

<sup>2</sup> Except as specified in paragraph 3064.95.



## RECOGNITION AND MEASUREMENT OF IMPAIRMENT OF GOODWILL



### ASSIGNING ASSETS AND LIABILITIES TO REPORTING UNITS

- For the purpose of testing goodwill for impairment, acquired assets and assumed liabilities must be assigned to a reporting unit, as of the date of acquisition, when:
  - The asset is employed in, or the liability relates to, the operations of a reporting unit; and
  - The asset or liability is considered in determining the fair value of the reporting unit.
- All goodwill acquired in a business combination must be assigned to one or more reporting units as of the date of acquisition, for the purpose of testing goodwill for impairment.
- When an enterprise reorganizes its reporting structure in a way that changes the makeup of one or more reporting units, the guidance in paragraphs 3064.78-.80 is used to reassign assets and liabilities to the reporting units affected. The relative fair value allocation approach is used to reassign goodwill.



### RECOGNITION AND MEASUREMENT OF AN IMPAIRMENT LOSS

- Whenever events or changes in circumstances indicate the carrying amount of the reporting unit to which goodwill is assigned may be greater than the fair value of the reporting unit, goodwill must be tested for impairment.
- When the carrying amount of a reporting unit, including goodwill, exceeds the fair value of a reporting unit, a goodwill impairment loss equal to the excess must be recognized.
- This impairment loss recognized cannot be greater than the carrying amount of goodwill.
- If the fair value of the reporting unit subsequently increases, the goodwill impairment loss cannot be reversed.



20 Wellington Street East  
Suite 500  
Toronto ON M5E 1C5  
416-865-0111  
[www.bdo.ca](http://www.bdo.ca)

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