

9 Step Impairment Model

1. Qualify assets for testing under IAS 36
2. Determine levels of testing and appraisal methods and models
3. Test market- and cost-valued assets
4. Review latest management cash flow forecasts
5. Evaluate risks and determine discount factors
6. Test income royalty relief-valued assets
7. Test income DCF/MEEM- valued assets (multi-period excess earnings)
8. Consider intangibles TABs (tax amortisation benefits) and compute DTLs (deferred tax liabilities)
9. Determine the RA (recoverable amount) for the CGU (cash generating unit) and assess goodwill impairment

