9 ACCOUNTING STANDARD – 28 IMPAIRMENT OF ASSETS

IMPARIMENT means Reduction in the value of Assets due to external or internal indicators such as change in technology, physical damage etc.

1. APPLICABABILITY AND NON - APPLICABILITY:

A. AS 28 is applicable to:

1. PPE (AS 10)
2. Intangible Assets (AS 26)
3. Investment Property (AS 13)
4. Goodwill Acquired in Amalgamation & Consolidation (AS 14 & 21)

B. AS 28 is Not Applicable to:

1. Inventories (AS 2)
2. Assets arising under Construction Contract (AS 7)
3. Deferred tax assets (AS 22)
4. Financial Assets such as investment in shares, debentures, bonds & securities (AS 13)
5. Any Current Asset

2. INDICATIONS OF IMPAIRMENT

A. External indicators for Impairment of Asset: (List is not exhaustive or conclusive)

a) Asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.;

b) Significant changes with an adverse effect on the entity have taken place due to change in technology, market, economy or legal environment.

c) Market interest rates have increased during the period, and those increases are likely to affect the discount rate; and

d) Book Value of Net Assets is more than Market Value Net Assets.

B. Internal source of information: (List is not exhaustive or conclusive)

a) Obsolescence or Physical damage of an asset;

b) Asset becoming idle, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite;

c) Plans to discontinue or restructure the operation to which an asset belongs,

d) Economic performance of an asset is, or will be, worse than expected.

3. IDENTIFYING AN ASSET THAT MAY BE IMPAIRED

Asset is impaired only when Carrying Amount is more than Recoverable Amount.

CA – RA = IMPAIRMENT LOSS

1) **Carrying Amount** – Book value of Asset at the end of the relevant year after charging Depreciation till date.
2) **Recoverable Amount** – Higher of:
   a) **Net Selling Price (NSP)** – if asset is sold immediately then how much net proceeds would be realised.
   b) **Value in Use** – if asset is further used then present value of future cash flows to be realised.

4. MEASUREMENT OF RECOVERABLE AMOUNT

Recoverable Amount	Higher of "Net Selling Price" and "Value in use"
Net Selling Price (NSP)	Net Selling Price is the amount obtainable from sale of Asset in an Arm's Length transaction (i.e. Fair Value) less cost to sell.
Cost to Sell	Legal costs, stamp duty and similar transaction taxes, costs of removing the asset, and direct incremental costs to bring an asset into condition for its sale. But Employees termination benefits are not cost to sell.
Value in use (VIU)	Present value of the future cash flows expected to be derived from use of an asset including disposal at the end of useful life.
Discounting Rate for VIU	• Pre-tax discount rate should be used. • Discount rate can be either weighted avg. cost of capital or entity's incremental borrowing rate.
Estimating Future Cash Flows for VIU	• Reasonable and supportable assumptions should be considered • Projections should cover a maximum of 5 years unless longer period can be justified. • Future Cash Flows should not include: ➢ Cash inflows from receivables ➢ Cash outflows from payables ➢ Cash flows of future restructuring (including Business acquisitions to which entity is not yet committed ➢ Cash flows expected from improving or enhancing the asset's

	performance ➢ Income tax receipts/payments
Foreign Currency Future Cash Flows (Apply AS 11 Also) **(Refer Example 1)**	**Step 1:** FC Cash flows **x** Discount Rate relating to country of foreign currency **Step 2:** Translate Discounted cash flows using exchange rate on the date of measurement of Value in Use.
Note: 1) If NSP is not determinable, then value in use is considered as Recoverable Amount 2) If VIU is not determinable, then Recoverable amount of such asset can-not be determined. In Such case Impairment of CGU shall be done.	

Example 1:

Entity has estimated following cash flows in foreign currency:

Year	Cash flows ($)
1	1,00,000$
2	1,50,000$
3	1,35,000$

Discount Rate	
Related to ₹	Related to $
10%	4%

$1 = ₹ 83/- as the date of measurement of Value in Use. Calculate Value in Use in Rupees.

Answer:

Apply discounting rate of 4% to the cash flows = $3,54,852

PV of foreign cash flows in Rupees i.e. Value in Use = $ 3,54,852 × 83 = Rs. 29,452,716

5. IMPAIRMENT OF INDIVIDUAL ASSET

Steps to be followed for calculation and treatment of Impairment loss:

Step 1: Calculate Carrying Amount of Asset as on Balance Sheet (After charging depreciation)

Step 2: Calculate Recoverable Amount of Asset (Higher of NSP & VIU)

Step 3: If Carrying Amount is higher than Recoverable Amount then difference is Impairment Loss

Step 4: Treatment of Impairment loss as under:

- If Asset belongs to Cost Model – Charge the Impairment loss to P&L A/c
- If Asset belongs to Revaluation Model – Charge the impairment loss to revaluation surplus if

available and remaining loss to P&L A/c

Step 5: Calculate Revised Carrying Amount of Asset after Impairment for the purpose of further depreciation in future. (CA before impairment – Impairment loss)

Journal Entry for Impairment Loss:		
Impairment Loss A/c Dr. To Asset A/c	Revaluation Surplus A/c Dr. Profit and Loss A/c Dr. To Impairment Loss A/c	(1st Priority) (Balancing Fig.)

Important Note:

1. If impairment loss is more than carrying amount of asset, then liability should be recognised after writing off the carrying amount.
2. Since impairment loss is not deductible under income tax, Hence Accounting Income will be lower than Taxable Income, Deferred Tax affect should be calculated after impairment. DTA shall be created on Impairment loss. (will be covered in AS 22)

6. IMPAIRMENT LOSS OF A CASH-GENERATING UNIT (CGU) INLUDING GOODWILL & CORPORATE ASSET

A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

- Always try to impair Individual Asset first for which indication of impairment exist and estimate the recoverable amount of that individual asset.
- If it is not possible to estimate the recoverable amount of the individual asset, then recoverable amount of the cash-generating unit to which the asset belongs should be determined and apply impairment testing of CGU.
- CGU may include current assets, goodwill, corporate assets and liabilities also.
- Only those Assets and Liabilities should be considered in carrying amount of CGU which are taken into account for determining Recoverable Amount (i.e. basis should be same)
- Examples of liabilities that can become part of CGU – Provision for decommissioning liabilities, specific loans taken for CGU Assets.

Example 2:

A company manufactures a flavored drink from Machine A and the drink can be sold only in bottles for which machine B is to be used. Here both machines can-not generate cash flows individually hance they shall be clubbed together to form a CGU.

More Examples – Magazine Titles, Buses running in a different route

Carrying Amount of CGU:	Carrying Amount of PPEs of CGU (+) Carrying Amount of Intangible Assets of CGU (+) Carrying Amount of Current Assets of CGU (+) Carrying Amount of Goodwill allocated to CGU (+) Carrying Amount of Corporate Assets allocated to CGU
Corporate Assets:	Assets other than goodwill that helps CGU under review and other CGUs to generate Independent Cash Flows. (For Ex. Head office buildings)
How to Impair Goodwill and Corporate Assets	Goodwill and Corporate Assets doesn't generate independent cash flows hence they can-not be tested for impairment individually. Goodwill & Corporate Assets are first allocated to different CGUs on a Reasonable basis and then they are tested for impairment.
How to allocate Goodwill and Corporate Assets?	Goodwill shall be allocated either in the ratio given in the question (or) in the ratio of Fair Values of CGUs at the time of business acquisition. Corporate Assets shall be allocated either in the ratio given in the question (or) in the ratio of following amounts of each CGU: Carrying Amt. x Useful life (if useful life is not given then only carrying amount of CGUs can be used to find out ratio)
Un-allocable Goodwill and Corporate Assets	Apply Bottom-up approach for Goodwill and Corporate Assets which are Allocable to CGUs. Apply Top-down approach for Goodwill and Corporate Assets which are not allocable to CGUs.
Important Note	Impairment Loss is never allocated to Current Assets or any other assets on which AS 28 is not applicable

Steps to Solve the Complete Question:

Approach	Particulars	CGU 1	CGU 2	CGU 3	Total
Bottom Up	Carrying Amt of CGUs	XXX	XXX	XXX	XXXX
	(+) Allocate Goodwill	XXX	XXX	XXX	XXXX
	(+) Allocate Corporate Assets	XXX	XXX	XXX	XXXX
	Total Carrying Amount of CGUs	XXX	XXX	XXX	XXXX
	Less:				
	Total Recoverable Amt. of CGUs	XXX	XXX	XXX	XXXX

Bottom up continued	Impairment Loss of CGUs (-) Allocable Goodwill (1st Priority) (-) Remaining Imp. Loss is allocated to all other Assets including Corporate Assets in the given ratio	XXX XX XXX	XXX XX XXX	XXX XX XXX	XXX XX XXX
Top-down	Revised Carrying Amt. of CGUs (+) Un-allocable Goodwill or Corporate Assets Total Carrying Amount of Entity as a whole (-) Recoverable Amt. of Entity as a whole	XXX -	XXX -	XXX -	XXX XXX XXX XXX
Top-down	Additional Impairment Loss for Un-allocable Goodwill and Corporate Assets only (Do not impair CGUs since they are already tested for impairment)				XXX

Example 3:

A CGU Consist of three Assets A. B C, having total Recoverable Amount of Rs. 25,00,000 and Carrying Amount are as under:

	Carrying Amt.
A	12,00,000
B	8,00,000
C	10,00,000

Calculation of Impairment Loss	
CA Of CGU	30,00,000
(-) RA OF CGV	25,00,000
Impairment Loss	**5,00,000**

As per AS 28, Impairment loss of CGU shall be allocated to Individual Assets of CGU in proportion of their respective carrying amounts:

A's Impairment Loss	5,00,000 × 12/30	2,00,000
B's Impairment Loss	5,00,000 × 8/30	1,33,333
C's Impairment Loss	5,00,000 × 10/30	1,66,667

Example 4: (CGU with Goodwill)

A Ltd. took over subsidiary B Ltd. which has four CGUs whose Fair value are as under:-

CGUs (Factories)	Fair Values
1	80 lacs

2	70 lacs
3	90 lacs
4	60 lacs
Total Fair Value	**300 lacs**
Purchase Consideration is 320 lacs	

After Two years, CGU 2 has indicated Impairment. CGU 2 has three Assets with following Carrying Amounts as under:

A – 30 Lacs; B – 25 Lacs and C – 60 Lacs and Recoverable Amount of CGU 2 is 105 Lacs.

Required:

1. Calculate Goodwill and Annual Amortisation
2. Calculate Impairment loss of CGU 2 if goodwill is allocated in proportion of Fair Values
3. Allocate Impairment Loss to different Assets.

Solution:

Calculation of Goodwill and Amortisation thereon

Purchase Consideration discharged	320 Lacs
Less: Fair Value of Business Acquired	300 Lacs
Goodwill	**20 lacs**
Goodwill amortisation	5 years
Annual Amortisation	4 Lacs
Carrying Amount of Goodwill After 3 years	8 Lacs

Note: When there is a Goodwill, entity can-not impair any CGU without Goodwill. Also, Goodwill can never be Impaired individually.

Calculation of Impairment Loss of CGU 2

Carrying Amount of CGU 2 Asset A Asset B Asset C	 30 Lacs 25 Lacs 60 Lacs **115 Lacs**
Add: Allocated Goodwill (8 x 70/300) (Allocation in ratio of Fair Values of CGUs)	1.87 Lacs
Total Carrying Amount with Goodwill	**116.87 Lacs**
Recoverable Amount of CGU2	105 Lacs
Impairment loss of CGU2	11.87 lacs
(-) Goodwill w/f (First Priority)	1.87 lacs
Remaining Impairment Loss for A, B & C	**10 lacs**

Allocation of Impairment Loss to A, B and C in ratio of their respective carrying amounts:

A	10×30/115	2.60 lacs
B	10× 25/115	2.17 lacs
c	10×60/115	5.23 lacs

	Total Loss	10 Lacs

Example 5: (CGUs, Goodwill and Corporate Asset)

An entity has 3 CGUS consisting of following Assets

Asset	CA	
A	3,00,000	CGU-1
B	5,00,000	CGU-3
C	10,00,000	CGU-2
D	6,00,000	CGU-1
E	1,50,000	CGU-2
F	7,50,000	CGU-3
G	80,000	CGU-1
H	2,50,000	CGU-3

There is Goodwill of Rs. 2,70,000/- that belongs all CGUs in the ratio of 2:3:4

	CGU 1	CGU 2	CGU 3
Recoverable Amount	10,00,000	9,00,000	16,50,000

Calculate Impairment Loss of CGUS

Solutions:

1) **Allocation of Assets to CGU**

Particular	CGU 1	CGU 2	CGU 3
A	3,00,000	-	-
B	-	-	5,00,000
C	-	10,00,000	
D	6,00,000	-	-
E	-	1,50,000	-
F	-	-	7,50,000
G	80,000	-	-
H	-	-	2,50,000
Total CA excluding Goodwill	**9,80,000**	**1,15,000**	**15,00,000**
(+) Goodwill allocation 2:3:4	60,000	90,000	1,20,000
Total CA	**10,40,000**	**12,40,000**	**16,20,000**

2) **Impairment Testing**

Particular	CGU 1	CGU 2	CGU 3
CA of CGU	10,40,000	12,40,000	16,20,000
RA of CGU	10,00,000	9,00,000	16,50,000
Impairment loss	**40,000**	**3,40,000**	-

3) Allocation of Impairment Loss

(a) CGU 1

Impairment Loss	40,000
(-) Goodwill	40,000
	0

(b) CGU2

Impairment Loss	3,40,000
(-) allocated G/w	90,000
Remaining Impairment Loss	2,50,000
Imp. Loss for Asset C	2,50,000 × 20/23 = **2,17,391**
Imp. Loss for Asset E	2,50,000 × 3/23 = **32,609**

Example 6: (Bottom up and Top-Down Approach)

At the end of 20X0, enterprise M acquired 100% of enterprise Z for ₹ 3,000 lakhs. Z has 3 cash-generating units A, B and C with net fair values of ₹ 1,200 lakhs, ₹ 800 lakhs and₹ 400 lakhs respectively. M recognises goodwill of ₹ 600 lakhs (₹ 3,000 lakhs less ₹ 2,400 lakhs) that relates to Z. At the end of 20X4, A makes significant losses. Its recoverable amount is estimated to be ₹ 1,350 lakhs. Carrying amounts are detailed below (₹ In Lakh)

End of 20X4	A	B	C	Goodwill	Total
Net carrying amount	1300	1200	800	120	3420

Scenario A - Goodwill Can be Allocated on a Reasonable and Consistent Basis

On the date of acquisition of Z, the net fair values of A, B and C are considered a reasonable basis for a pro-rata allocation of the goodwill to A, B and C.

Allocation of goodwill at the end of 20X4:

	A	B	C	Goodwill
End of 20×0				
Net fair values	1200	800	400	2400
Pro-Rata	50%	33%	17%	100%
End of 20×4				
Net carrying amount	1300	1200	800	3300
Allocation of goodwill (Using pro rate above)	60	40	20	120
Net carrying amount (After goodwill)	1360	1240	820	3420

In accordance with the 'bottom-up' test in paragraph 78(a) of AS 28, M compares A's recoverable amount to its carrying amount after the allocation of the carrying amount of goodwill:

End of 20X4	A (Rs. In Lakh)
Carrying amount after allocation of goodwill	1360
Recoverable amount	1350

Impairment loss	10

M recognises an impairment loss of ₹ 10 lakhs for A. The impairment loss is fully allocated to the goodwill in accordance with paragraph 87 of AS 28.

Scenario B - Goodwill Cannot be Allocated on a Reasonable and Consistent Basis

There is no reasonable way to allocate the goodwill that arose on the acquisition of Z to A, B and C. At the end of 20X4, Z's recoverable amount is estimated to be ₹3,400 lakhs.

At the end of 20X4, M first applies the 'bottom-up' test in accordance with paragraph 78(a) of this Statement. It compares A's recoverable amount to its carrying amount excluding the goodwill.

End of 20X4	A (Rs. In Lakh)
Carrying amount Recoverable	1300
amount	1350
Impairment loss	0

Therefore, no impairment loss is recognised for A as a result of the 'bottom-up' test.

Since the goodwill could not be allocated on a reasonable and consistent basis to A, M also performs a 'top-down' test in accordance with paragraph 78(b) of AS 28. It compares the carrying amount of Z as a whole to its recoverable amount (Z as a whole is the smallest cash-generating unit that includes A and to which goodwill can be allocated on a reasonable and consistent basis)

Application of the 'top-down' test (Amount in ₹ lakhs)

End of 20X4	A	B	C	Goodwill	Total
Carrying amount	1300	1200	800	120	3420
Impairment loss arising from the 'bottom-up' test	-	-	-	-	0
Carrying amount after the 'bottom-up' test	1300	1200	800	120	3420
Recoverable amount	-	-	-	-	3400
Impairment loss arising from 'topdown' test	-	-	-	-	20

Therefore, M recognises an impairment loss of ₹ 20 lakhs that it allocates fully to goodwill in accordance with AS 28.

7. REVERSAL OF IMPIRMENT LOSS

Indicators of reversal of Impairment Loss:

External –

- Asset's value has increased significantly during the period.
- Significant changes with an favorable effect on the entity have taken place due to change in technology, market, economy or legal environment.
- Market interest rates have decreased during the period, and those increases are likely to affect the discount rate; and

Internal –

- Asset's performance has been significantly improved. It may be because of Cost incurred to improve or enhance the performance or Cost incurred to restructure the operation during the period.
- Economic performance of the asset is, or will be, better than expected.

Goodwill:

An impairment loss recognised for goodwill shall not be reversed in a subsequent period.

Assets other than Goodwill:

If there is an Indication that shows Impairment Loss recognised earlier may no longer exists or may have decreased, then entity shall revers the impairment loss and accordingly recoverable amount is to be determined.

How to Calculate the Reversal of Impairment Loss:

Step 1: Identity Current Actual Carrying Amount of Asset – assume 1000/-
Step 2: Identity Current Recoverable Amount of Asset – assume 1200/-
Step 3: Calculate Current Carrying Amount of Asset if Asset were never impaired earlier (assume 1150/-)
Step 4: Revised Carrying amount after reversal should be lower of Step 2 & Step 3 (Means 1150/-)
Step 5: Reversal of Impairment Loss = Step 4 – Step 1 (means 1150 – 1000 = 150)
Step 6: Calculate Revised Actual Carrying Amount = Current Carrying Amount before reversal (Step 1) + Reversal of I/L (Step 5)

Note: Depreciation shall be charged on Revised Carrying Amount

(Refer Examples)

Accounting treatment of Reversal of Impairment Loss:

Asset A/c Dr.
    To Impairment Loss Reversal A/c

Impairment Loss Reversal A/c Dr.
    To Revaluation Surplus A/c (if available & Asset is under Revaluation model)

To Profit and Loss A/c (Balancing Fig.)

Reversal of Impairment Loss of CGU:

A reversal of an impairment loss for a cash-generating unit shall be allocated to the assets of the unit, except for goodwill, in proportion of carrying amounts of those assets.

EXAMPLE 7: (REVERSAL OF IMPAIRMENT OF LOSS)

Cost of Asset purchase on 1/4/2001 is Rs. 10,00,000, Depreciation on SLM basis based on life of 10 years. On 31/3/2005, Recoverable Amount is. 3,00,000.

On 31/3/2007, Recoverable Amount is:

Case 1: RA = 2,20,000

Case 2: RA = 4,20,000.

Calculate Impairment Loss and its Reversal.

Solution:

1) Annual Depreciation – 1,00,000
2) On 31st March 2005, Carrying Amount is 6,00,000; recoverable amount is 3,00,000
3) Impairment Loss = 3,00,000 charged to P&L.
4) Revised Annual Depreciation on revised CA based on 6 years of life – 50,000
5) On 31st March, 2007, Carrying Amount is 2,00,000

Reversal of Impairment Loss:

Step 1: Carrying amount as on 31st March 2007 – 2,00,000

Step 2: Carrying amount on 31st March, 2007, if there were no impairment earlier – 4,00,000
(Original Cost less Annual Depreciation of 1,00,000 for 6 years)

Step 3: Current Recoverable Amount:

Case 1 – 2,20,000

Case 2 – 4,20,000

Step 4: Revised Carrying Amount after reversal of Impairment loss should be lower of step 2 and step 3:

In Case 1 – Revised CA = 2,20,000

In Case 2 – Revised CA = 4,00,000

Step 5: Reversal of Loss (Compare Step 1 & Step 4)

Case 1 – 20,000

Case 2 – 2,00,000

Example 8: (Reversal of Impairment Loss along with revaluation effect)

As on 1/4/16 Original Cost of PPE = 30,00,000; Estimated Life = 12 years; Depreciation is charged under SLM Method. Therefore, Original Depreciation = 2,50,000 pa.

On 1/4/19, Fair Value of PPE was 27,00,000 (PPE is under Revaluation Model)

Carrying Amt. (CA) as on 1/4/19 = 30,00,000/12 X 9 = 22,50,000

Therefore, Revaluation Surplus = 4,50,000

Revised CA as on 1/4/19 = 27,00,000

Remaining Life = 9 years

Revised Depreciation = 3,00,000 P.a.

Assuming entity opted to transfer partial revaluation surplus to GR equal to excess depreciation i.e. 50,000 p.a.

On 31/3/21, PPE tested for impairment & Recoverable amount is 16,00,000

CA as on 31/3/21	= 21,00,000
Recoverable Amount	= 16,00,000
Impairment Loss	= 5,00,000
Setoff out of Revaluation Surplus	= 3,50,000
Remaining Transfer to P&L	= 1,50,000
Revised CA as on 31/3/21	= 16,00,000
Balance of Revaluation Surplus	= Nil

Depreciation = 2,28,571 (P.A.) with useful life of 7 years

On 31/3/24, Indicators of Reversal of Impairment arise,

Recoverable Amount is: -

Case 1 = 11,00,000

Case 2 = 15,00,000

Current CA (as on 31/3/24) = 9,14,286

Reversal (Case 1)

Recoverable Amt. = 11,00,000

CA had there been no Impairment earlier = 27,00,000/9 X 4 = 12,00,000

Whichever is less, i.e. 11,00,000

CA of PPE should be increased to 11,00,000

Reversal of I/L = 1,85,714 (11,00,000 – 9,14,286)

What could be the revaluation surplus Balance had there been no impairment earlier?

4,50,000/9 X 4 = 2,00,000 (Hence entire reversal shall be made through Revaluation Surplus)

PPE A/c	Dr.	1,85,714	
To Revaluation Surplus			1,85,714

Reversal (Case 2)

Recoverable amount = 15,00,000

CA had there been no Impairment earlier = 12,00,000

Whichever is lower i.e. CA shall be increased to ₹ 12,00,000

Reversal = 2,85,714

Maximum Revaluation Surplus that could be increased (had there been no impairment) = 2,00,000
Profit & Loss = 85,714

PPE A/c Dr.	2,85,714	
To Revaluation Surplus		2,00,000
To P & L A/c		85,714

8. MCQ's from ICAI Material

1) If there is indication that an asset may be impaired but the recoverable amount of the asset is more than the carrying amount of the asset, the following are true:

a) No further action is required and the company can continue the asset in the books at the book value itself.

b) The entity should review the remaining useful life, scrap value and method of depreciation and amortization for the purposes of AS 10.

c) The entity can follow either (a) or (b).

d) The entity should review the scrap value and method of depreciation and amortization for the purposes of AS 10.

2) In case Goodwill appears in the Balance Sheet of an entity, the following is true:

a) Apply Bottom up test if goodwill cannot be allocated to CGU (cash generating unit) under review.

b) Apply Top down test if goodwill cannot be allocated to CGU (cash generating unit) under review.

c) Apply both Bottom up test and Top down test if goodwill cannot be allocated to CGU (cash generating unit) under review.

d) Apply either Bottom up test or Top down test if goodwill cannot be allocated to CGU (cash generating unit) under review.

3) In case of Corporate assets in the Balance Sheet of an entity, the following is true:

a) Apply Bottom up test if corporate assets cannot be allocated to CGU (cash generating unit) under review.

b) Apply Top down test if corporate assets cannot be allocated to CGU (cash generating unit) under review.

c) Apply both Bottom up test and Top down test if corporate assets cannot be allocated to CGU (cash generating unit) under review.

d) Apply either Bottom up test or Top down test if corporate assets cannot be allocated to CGU (cash generating unit) under review.

4) In case of reversal of impairment loss, which statement is true:

a) Goodwill written off can never be reversed.

b) Goodwill written off can be reversed without any conditions to be met.

c) Goodwill written off can be reversed only if certain conditions are met.

d) Goodwill written off can be reversed.

ANSWERS	1	2	3	4
	b	c	c	c

Student Notes:-