

SSAP 31 Impairment of Assets

Statement of Standard Accounting Practice SSAP 31, “Impairment of Assets”, is the first accounting standard in Hong Kong that deals comprehensively with the impact of a decline in value in assets.^{1, 2} SSAP 31 applies to financial statements covering periods beginning on or after 1 January 2001 and is materially the same as its equivalent International Accounting Standard, IAS 36.

Prior to the publication of SSAP 31, Statements such as SSAP 17, “Property, Plant and Equipment”, SSAP 10, “Accounting for Investments in Associates”, and SSAP 21, “Accounting for Interests in Joint Ventures”, included principles for recognising impairment losses but no detailed guidance was given on how these losses should be measured.

Financial statements exhibit reliability when amounts are stated in a prudent manner.³ The objective of SSAP 31 is to prescribe the procedures applied by an enterprise to ensure that each asset is not overstated beyond the amount expected to be recovered through use or sale of the asset.

Impairment is assessed at each balance sheet date on the basis of the best set of information available to the enterprise. Subject to the application of materiality, the Statement will apply even if management consider that any impairment loss existing as at balance sheet date is likely to reverse subsequently.

Coverage of the Statement

SSAP 31 applies in general to all tangible and intangible non-financial assets, including:

- **Property, Plant and Equipment**, irrespective of whether carried at cost or revalued amount under SSAP 17;
- **Goodwill Arising on an Acquisition**, accounted for under SSAP 30;
- **Investments in Subsidiaries**, accounted for under SSAP 32;
- **Investments in Associates**, accounted for under SSAP 10;
- **Interests in Joint Ventures**, accounted for under SSAP 21; and
- **Intangible Assets**, accounted for under SSAP 29.

SSAP 31 does not apply to the following assets:⁴

- Inventories (SSAP 22, *Inventories*, measured at the lower of cost and *net realisable value*);
- Assets arising from construction contracts (SSAP 23 requires determination of recoverable amount albeit on an undiscounted basis);
- Deferred income tax assets (SSAP 12 applies);
- Financial assets (including securities

covered presently by SSAP 24 and other financial assets which will be included in the scope of a SSAP equivalent to IAS 32); and

- Investment property (typically measured at open market value under SSAP 13).

The main issues addressed by SSAP 31 are:

- What is impairment?
- When is an asset assessed for impairment?
- What is the basis for assessing asset impairment (individual assets or groups of assets)?
- How is an impairment loss measured and accounted for in the financial statements?
- In a subsequent period how is the reversal of an impairment loss measured and accounted for in the financial statements?
- What is required to be disclosed in the financial statements about asset impairment?
- What transitional provisions apply on initial application of the accounting standard?

What Is “Impairment”?

An asset is described as impaired – and an impairment loss is recognised – to the extent that the asset’s *carrying amount* exceeds its *recoverable amount*.⁵

Carrying amount (CA) is the amount at which an asset is recognised in the balance sheet after deducting any accumulated depreciation (amortisation) and accumulated impairment losses thereon.

Recoverable amount (RA) is the higher of an asset’s net selling price and its value in use. If it is not possible to determine net selling price, then the recoverable amount is simply the asset’s value in use.

Net selling price (NSP) is the amount obtainable from the sale of an asset in an arm’s length transaction between knowledgeable, willing parties, less the costs of disposal.

Value in use (VIU) is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

Three illustrations of the definition are shown below:

(1) Compare:		(2) Compare:		
Net Selling Price	Value in Use	Recoverable Amount	Carrying Amount	Impairment Loss, impact on carrying amount
\$950	\$1,040	\$1,040	\$1,000	No impairment
950	960	960	1,000	\$40, asset written down to \$960
940	920	940	1,000	\$60, asset written down to \$940

Recognition – Initial Assessment as to Whether an Asset May Be Impaired

An assessment must be made at each balance sheet date as to whether there is any indication that an asset is impaired.⁶ In many cases, this acts as the trigger point for applying the SSAP. In the case of goodwill or other intangible asset with a useful life exceeding twenty years or an intangible asset that is not yet available for use, however, recoverable amount is determined under SSAP 31 regardless of whether or not there exists an indicator of impairment.⁷

Information sourced both from within and external to the enterprise is taken into account in assessing whether an asset might be impaired. SSAP 31 identifies the following:⁸

External sources of information

- Significant decline in market value;
- Adverse effect of change in law, technology, relevant market place(s) or in the economy;
- Increase in market interest rates or other market rates of return on investments; and
- The reporting enterprise's market capitalisation is below the carrying amount of its net assets;

Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset;
- The asset is part of a restructuring, held for disposal or will be used differently; and
- The economic performance of an asset is, or will be, worse than expected – examples: actual results attributed to an asset are significantly less than budget; a significant increase in maintenance costs are expected in the next financial period.

Basis of Assessment

SSAP 31 requires each asset to be assessed for an indicator of impairment. When there is an indication that an asset may be impaired, RA is estimated for each asset.⁶ In many cases however, it may not be possible to estimate RA of a stand-alone asset, for example when the asset does not generate cash inflows from continuing use that are largely independent of those from other assets.⁹ In such a case, RA is estimated in respect of the *cash-generating unit* to which the asset belongs.

A *cash-generating unit* (CGU) is the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.⁵

The Statement provides the following examples of a cash-generating unit:

A mining enterprise owns a private railway to support its mining activities. The private railway could be sold only for scrap value and the private railway does not generate cash inflows from continuing use that are largely

independent of the cash inflows from the other assets of the mine.

It is not possible to estimate the recoverable amount of the private railway because the value in use of the private railway cannot be determined and it is probably different from scrap value. Therefore, the enterprise estimates the recoverable amount of the cash-generating unit to which the private railway belongs, that is, the mine as a whole.

A bus company provides services under contract with a municipality that requires minimum service on each of five separate routes. Assets devoted to each route and the cash flows from each route can be identified separately. One of the routes operates at a significant loss.

Because the enterprise does not have the option to curtail any one bus route, the lowest level of identifiable cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets is the cash inflows generated by the five routes together. The cash-generating unit for each route is the bus company as a whole.

How Is an Impairment Loss Measured and Accounted for in the Financial Statements?

If there is an indication of impairment, the following steps are taken in relation to the asset or CGU:

- Determine net selling price;
- Determine value in use;
- Compute recoverable amount; and
- Compare with carrying amount and allocate impairment loss.

An impairment loss for a CGU is measured in much the same way as for an individual asset.¹⁰ As discussed below, it may be necessary in the case of a CGU to have additional consideration for the impairment of goodwill and corporate assets.

Net selling price is the amount expected to be obtained from an arm's length sale, less directly attributed disposal costs, and essentially reflects market price. Where a market price is not so readily available, a recent transaction for a similar asset may assist to support an estimate of NSP.

Value in use of an asset (or CGU) is estimated by:

1. Estimating the future cash inflows and outflows to be derived from continuing use of the asset (CGU) and from its ultimate disposal; and
2. Applying the appropriate discount rate to these future cash flows.

Cash flow projections are based on the most recent budgets or forecasts approved within the enterprise. A five-year horizon applies to specific budgets or forecasts of cash flows and, beyond that, an estimate of steady decline or growth rate is applied normally until the marginal discounted net

cash flow is negligible. This growth rate generally should not exceed the long-term average growth rate reasonable within the enterprise's industry and country of operation.¹¹

Estimates of future cash flows include:

- Inflows derived from continuing use of the asset;
- Direct operating cash outflows and overheads that can be allocated on a reasonable and consistent basis; and
- Net cash flow expected on disposal.¹²

Estimates of future cash flow specifically do not include:

- The effect of a future restructuring to which the enterprise is not yet committed or future capital expenditure, whether planned or committed;¹³ or
- Financing or income tax related cash flows.¹⁴

The discount rate applied should be a pre-tax rate reflective of the time value of money and the risks specific to the asset.¹⁵ Again, judgement is required to estimate a rate that is, at least, not glaringly inappropriate. The following reference points may assist in supporting an appropriate rate.

- Weighted average cost of capital (or required rate of return) determined from using techniques such as the Capital Asset Pricing Model, or in applying Economic Value Added;
- Incremental borrowing rate specific to the enterprise;
- Other market borrowing rates, for example,

comparable private sector enterprise bond yields.

The carrying amount of an individual asset is reduced to its recoverable amount as a consequence of an impairment loss.¹⁶ Except to the extent that it reverses a previous revaluation, the impairment loss is recognised as a current period expense in the income statement. If the asset is carried at revalued amount, for example under the alternative treatment in SSAP 17, Property, Plant and Equipment, an impairment loss is treated as a revaluation decrease under that other accounting standard.¹⁷

The depreciation or amortisation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.¹⁸

Allocation of Impairment Loss – additional requirements for CGU

An impairment loss is recognised across a CGU much in the same way as for an individual asset. It is necessary to consider how the loss is allocated amongst the individual assets in the CGU.

The SSAP requires that the loss be allocated first to goodwill attributed to the CGU (see below) and then to the other assets pro-rata to the carrying amount of each asset. An individual asset's CA should not be reduced below the highest of the asset's NSP, VIU or zero.¹⁹

Example – Recognition of an Impairment Loss

At the end of 20X0, Cholesterol Ltd (C) acquired 100% of Butterfat Ltd (B) for \$200m. The fair value of the net identifiable assets of B was \$160m and goodwill was \$40m.

B processes dairy products primarily for export to the European Union (E). C uses straight-line depreciation and amortisation over a 20-year life for B's assets. No residual value is anticipated.

In 20X2, E introduces import quotas significantly restricting imports of B's main product. As a result, and for the foreseeable future, B's production will be cut by 45%.

The adverse change in market place and regulatory conditions is an indicator of impairment that requires C to estimate the recoverable amount of the goodwill and net assets of B at the end of 20X2.

The cash-generating unit for the goodwill and the identifiable assets of B is its entire operation, since no independent cash inflows can be identified for its individual assets.

The net selling price of B's cash-generating unit is not determinable therefore recoverable amount is value in use.

To determine the value in use of B's cash-generating unit, C:

- Prepares cash flow forecasts derived from the most recent financial budgets and forecasts for the next five years approved by management;
- Estimates subsequent cash flows based on declining growth rates; and
- Selects an appropriate discount rate, which represents a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the cash-generating unit.

The directors of C forecast the following net cash flows for B, inclusive of the effect of expected inflation:

Year	Future cash flows (\$m)
20X3	17.2
20X4	18.6
20X5	19.7
20X6	20.6
20X7	21.2

Management's forecast of the growth rate after the end of the next five years (note that this is less than the long term industry average) is + 4.0% for 20X8 and -3.0% for 20X9 and cumulatively beyond.

The management believe that a discount rate of 15% represents the pre-tax cost that reflects current market assessments of the time value of money, the risks specific to B's cash-generating unit, and the effect of expected inflation.

Calculating the Carrying Value

At the end of 20X2 (\$m)	<u>Goodwill</u>	<u>Identifiable assets</u>	<u>Total</u>
Historical cost	40	160	200
Accumulated amortisation/depreciation	<u>(4)</u>	<u>(16)</u>	<u>(20)</u>
Carrying amount	<u>36</u>	<u>144</u>	<u>180</u>

Calculating the Recoverable Amount

(value in use, over the estimated remaining useful life of the CGU)

Year	<u>Long-term growth rate</u>	<u>Future net cash flow</u>	<u>PV factor @ 15% discount rate</u>	<u>Discounted future net cash flow</u>
20X3		\$17.2m	0.86957	\$15.0m
20X4		18.6	0.75614	14.1
20X5		19.7	0.65752	13.0
20X6		20.6	0.57175	11.8
20X7		21.2	0.49718	10.5
20X8	+ 4%	22.0	0.43233	9.5
20X9	-3%	21.4	0.37594	8.0
20Y0	-6%	20.1	0.32690	6.6
20Y1	-9%	18.3	0.28426	5.2
20Y2	-12%	16.1	0.24718	4.0
20Y3	-15%	13.7	0.21494	2.9
20Y4	-18%	11.2	0.18691	2.1
20Y5	-21%	8.9	0.16253	1.4
20Y6	-24%	6.7	0.14133	1.0
20Y7	-27%	4.9	0.12289	0.6
20Y8	-30%	3.4	0.10686	0.4
Value in use				<u>106.0</u>

Recognising and Allocating the Impairment Loss

An impairment loss of \$74m [180 – 106] is recognised as an expense in the income statement for 20X2. The carrying amount of goodwill is eliminated before reducing the carrying amount of other identifiable assets of B:

At the end of 20X2 (\$m)	<u>Goodwill</u>	<u>Identifiable assets</u>	<u>Total</u>
Historical cost	40	160	200
Accumulated amortisation/depreciation	<u>(4)</u>	<u>(16)</u>	<u>(20)</u>
Carrying amount	36	144	180
Impairment loss	<u>(36)</u>	<u>(38)</u>	<u>(74)</u>
Carrying amount after impairment loss	<u>0</u>	<u>106</u>	<u>106</u>

Subsequent Reversal of Impairment Loss

The accumulated impairment loss reported in last year's balance sheet may reverse (at least in part) when there is a change in the estimates that gave rise initially to the impairment loss.

The process by which an impairment loss reverses mirrors the process by which the impairment loss was recognised initially. An assessment is made as to whether there are any indicators that an impairment loss recognised previously may no longer exist or may have decreased. The sources of information taken into consideration act in reverse to those that might have given rise to the impairment loss initially and would include:²⁰

- Significant increase in market value;
- Favourable effect of change in law, technology, relevant market place(s) or in the economy;
- Decrease in market interest rates or other market rates of return on investments;

- The enterprise’s market capitalisation is now above the carrying amount of its net assets;
- Better than expected economic performance of an impaired asset.

An impairment loss reverses when, and only when, there is a change to the estimates on which the impairment was recognised initially, for example:²¹

- Changed basis for RA (from NSP to VIU or vice versa);
- Significant change in the amount and/or timing of estimated future cash flows or in the discount rate when RA was based on VIU; or
- Significant change in a component underlying NSP when RA was based on NSP.

An asset’s value in use may become greater than the asset’s carrying amount simply because the present value of future cash inflows increases as they become closer. However, the service potential of the asset has not increased. Therefore, an impairment loss is not reversed just because of the passage of time (sometimes called the “unwinding” of the discount), even if the recoverable amount of the asset becomes higher than its carrying amount.²²

SSAP 31 specifies the following accounting treatment:

- In the case of an individual asset, an accumulated impairment loss reversal is capped to the lower of RA and CA (net of accumulated depreciation or amortisation) had no impairment been recognised in prior periods;²³
- The impairment loss reversal is recognised as current period income in the income statement except to the extent that it reverses a previous revaluation decrease, in which case the impairment loss reversal would be credited to revaluation surplus.²⁴
- The depreciation or amortisation charge on the asset’s revised depreciable amount is adjusted in future periods.²⁵

Reversal of Impairment Loss – Additional Requirements for CGU

An impairment loss previously recognised for a CGU reverses in much the same way as for an individual asset. In addition, it is necessary to consider how the reversal is allocated amongst the individual assets in the CGU.

The SSAP requires that the reversal be allocated first to assets other than goodwill, pro-rata to the carrying amount of each asset, capped at the lower of the individual asset’s RA (if determinable) and what would have been its CA had no impairment been recognised previously.²⁶

Provision exists within SSAP 31 for any residual impairment loss reversal to be allocated to goodwill but the criteria is such that this is expected to be very rare.²⁷

Example – Reversal for an Impairment Loss

The facts are carried forward from the example above. In 20X4, following WTO intervention, E removes the import quotas imposed two years earlier.

The favourable change in market place and regulatory conditions is an indicator that an impairment loss may have reversed. C is required to re-estimate the recoverable amount of B’s net assets. The recoverable amount of B at the end of 20X4 is estimated to be \$152m.

Calculating the Extent to Which an Impairment Loss Can Reverse

The carrying amount of B’s identifiable assets, had no impairment loss been recognised initially, (termed “normative carrying amount” for the purposes of this example) constitutes the maximum extent to which an impairment loss can reverse:

Normative – at the end of 20X4 (\$m)	<u>Identifiable assets</u>	
Historical cost	160	
Accumulated amortisation/depreciation	<u>(32)</u>	[160 x (4 / 20) years]
Normative carrying amount	<u>128</u>	

At the end of 20X2, the carrying amount of B’s identifiable assets was \$106m. Since then, two years depreciation of \$12m (rounded) would have been charged based on an estimated remaining useful life of 18 years. At the end of 20X4, the carrying amount of B’s identifiable assets was \$94m.

Recognising and Allocating the Impairment Loss Reversal

The impairment loss recognised previously reverses to the lower of re-estimated recoverable amount and normative carrying amount, that is \$128m [lower of 128 and 152]. Accordingly, an impairment loss reversal of \$34m [128 – 94] is recognised as income in the income statement for 20X4.

At the end of 20X4 (\$m)	Goodwill	Identifiable assets	Total
Historical cost	40	160	200
Accumulated amortisation/depreciation	(4)	(28)	(32)
Accumulated impairment loss	(36)	(4)	(40)
Carrying amount after impairment loss	<u>0</u>	<u>128</u>	<u>128</u>

The annual depreciation expense on B's assets for 20X5 onward will be \$8m [128 / 16 years remaining].

Financial Statement Disclosure

Both SSAP 31 and the SSAP that applies specifically to the impaired asset require disclosure about impairment. For example, SSAP 17 requires a reconciliation of the opening and closing gross carrying amount of each class of property, plant and equipment, included in which are impairment losses recognised and reversed during the period. The disclosure requirements under SSAP 31, summarised below, essentially fill any gaps that might exist elsewhere.

For each class of asset, in addition to the requirements of other applicable accounting standards, when an asset (or CGU) is impaired, disclosure is required of the:

- Amount of impairment losses recognised and reversed for the period;
- Line item(s) in the income statement where those amounts are reported; and
- Amount of impairment losses recognised and reversed directly in equity for the period.²⁸

When segment information is reported under SSAP 26, disclosure is required of the amount of impairment losses recognised and reversed for each segment reported under the primary format.²⁹

When material to the financial statements, disclosure is required of:

- The events and circumstances that led to the recognition or reversal of the impairment loss;
- The amount of the impairment loss recognised or reversed;
- The nature of the asset or a description of the CGU, as applicable, and the segment affected;
- Whether the recoverable amount is based on the value in use or the net selling price;
- The basis applied when recoverable amount is determined on net selling price; and
- The discount rate(s) applied when recoverable amount is determined on value in use.³⁰

The SSAP encourages, but does not require, disclosure about the key assumptions applied in determining recoverable amounts during the period (as at balance sheet date).³¹

An example financial statement disclosure appears on the next page.

Transitional Provision When SSAP 31 Is Applied for the First Time

SSAP 31 is applied on a prospective basis only.³² Impairment losses and reversals of impairment losses, recognised on the adoption of SSAP 31, should be reported in the income statement for the current period unless an asset is carried at revalued amount. An impairment loss (reversal of impairment loss) on a revalued asset is treated as a revaluation decrease (increase).³³

- 1 Readers are also encouraged to refer to Paul Pacter's article published in *The Hong Kong Accountant*, May 2001 pp.48-50, which covers questions and answers on SSAP 31.
- 2 Note that a decline in value is a different concept to depreciation, the latter dealing with the inter-period allocation of cost.
- 3 Reliability is one of the four principal qualitative characteristics of a general purpose financial report. Refer to the *Framework for the Preparation and Presentation of Financial Statements*, HKSA, 1997, para.29 et seq.
- 4 SSAP 31, para.1.
- 5 SSAP 31, para.5 for definitions.
- 6 SSAP 31, para.8.
- 7 SSAP 30, para.53, and SSAP 29, para.99.
- 8 SSAP 31, para.9.
- 9 SSAP 31, para.65 & 66.
- 10 SSAP 31, para.15.
- 11 SSAP 31, para.27.
- 12 SSAP 31, para.32.
- 13 SSAP 31, para.37.
- 14 SSAP 31, para.43.
- 15 SSAP 31, para.48.
- 16 SSAP 31, para.58.
- 17 SSAP 31, para.59.
- 18 SSAP 31, para.62.
- 19 SSAP 31, para.88 & 89.
- 20 SSAP 31, para.95 & 96.
- 21 SSAP 31, para.99 et seq.
- 22 SSAP 31, para.101.
- 23 SSAP 31, para.102.
- 24 SSAP 31, para.104.
- 25 SSAP 31, para.106.
- 26 SSAP 31, para.107 & 108.
- 27 SSAP 31, para.109.
- 28 SSAP 31, para.113.
- 29 SSAP 31, para.116.
- 30 SSAP 31, para.117 & 118.
- 31 SSAP 31, para.119.
- 32 Note, however, that specific transitional provisions apply under SSAP 30, para.88, to goodwill previously written off against reserves.
- 33 SSAP 31, para.120.

NOTES TO THE FINANCIAL STATEMENTS (extract)

Note 2 – Statement of Significant Accounting Policies (extract)

Impairment

 SSAP 31.08 & .95
 SSAP 31.58 & .99
 SSAP 31.59 & .104

Items of property, plant and equipment, intangible assets, investments in subsidiaries, investments in associates, interests in joint ventures and goodwill arising on acquisition (or the cash-generating units to which an asset belongs, if appropriate) are assessed for any indication of impairment or reversal of impairment recognised in prior years. If such an indication exists, the recoverable amount of the asset is estimated, carrying amount adjusted and an impairment loss (reversal) recognised as an expense (income) in the Income Statement, or as a revaluation decrease (increase), as appropriate.

SSAP 31.115

Note 6 – Property, Plant and Equipment¹

	<i>Land and buildings HKD' 000</i>	<i>Plant and equipment HKD' 000</i>	<i>Other assets HKD' 000</i>	<i>Total HKD' 000</i>
Gross carrying amount at beginning of year	324,704	478,294	150,271	953,269
Additions	2,240	1,589	482	4,311
Additions through business combinations	14,920	125,293	10,000	150,213
Retirements and disposals	(83,099)	(100,000)	-	(183,099)
Net revaluation increase (decrease) ²	-	-	-	-
Net exchange differences on translation	(1,965)	539	-	(1,426)
Gross carrying amount at end of year	256,800	505,715	160,753	923,268
Opening accumulated amortisation and accumulated impairment losses	(132,030)	(179,525)	(88,821)	(400,376)
SSAP 31.113a Impairment losses recognised in income ²	(15,000)	(19,000)	(4,000)	(38,000)
SSAP 31.113a Impairment losses recognised in equity ²	-	-	-	-
SSAP 31.113a Impairment losses reversed in income ²	-	-	-	-
SSAP 31.113a Impairment losses reversed in equity ²	-	-	-	-
Retirements and disposals	30,000	26,720	-	56,720
Depreciation charge	(22,180)	(51,243)	(16,334)	(89,757)
Closing accumulated amortisation and accumulated impairment losses	(139,210)	(223,048)	(109,155)	(471,413)
Gross carrying amount at end of year	117,590	282,667	51,598	451,855
Property, plant and equipment are depreciated over estimated useful lives using the straight-line method (buildings only) (weighted average) ³	14.4 years	12.3 years	9.2 years	

SSAP 31.113a

Impairment losses recognised and reversed are included in the Income Statement in the line item, "Other operating expenses" (see Note 15).

SSAP 31.117

Consequent to the imposition of import quotas by country E during the year, production at Butterfat Ltd's factory has been cut by approximately 45%. An impairment loss of \$74m for Butterfat's operating property, plant and equipment (reported in the "Dairy Products" segment in Note 22) was recognised. Recoverable amount was determined at the cash-generating unit level based on value in use by applying a real pre-tax discount rate of 15%.⁴

COMMENTARY

SSAP 31.118

SSAP 31.116

- This extract illustrates disclosure requirements for SSAP 31 only. Other standards, for example SSAP 17, may contain requirements additional to those shown above.
- These disclosures are required only if applicable (typically when amounts are other than zero or when assets are carried at revalued amount under the alternative treatment in SSAP 17).
- This disclosure relates to an accounting estimate – sometimes (arguably less appropriately) it is included with the Statement of Significant Accounting Policies. When material, disclose (per SSAP 2) the nature and effect of a change in accounting estimate (for example, useful lives, depreciation method or residual values).
- SSAP 31.118 requires similar disclosure when aggregate impairment losses recognised (reversed) during the period are material to the financial statements as a whole.
- The amount of impairment losses recognised (reversed) in the Income Statement and directly in equity is disclosed for each reportable primary-based segment when segment information is provided.

Note 15 – Revenues and Expenses (extract)

SSAP 31.117b

	<i>20X2 HKD' 000</i>	<i>20X1 HKD' 000</i>
Included in other operating expenses:		
Impairment losses	74,000	-
Depreciation	89,757	92,562