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**Тест не рецензируется.**

## **Тест**

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| **[How to Make Cash Flow Projections for Impairment Testing under IAS 36](https://www.ifrsbox.com/cash-flow-projections-ias-36/)**Impairment tests are one of the most judgmental areas in IFRS. It is all about estimating, judging, evaluating and forecasting. Sometimes it is almost like fortune telling, isn’t it? However, digging deeper into the assumptions and numbers can give different results to find too unrealistic assumptions, wrong discount rates, incorrect items included in the cash flow projections, etc.Cash flow projections are crucial in the impairment testing for two reasons:1. They are the basis for determining the asset’s or cash generating unit’s (“CGU”) ***value in use***.
2. When there’s not enough market data, cash flow projections are the main input into ***fair value*** calculation.

The standard IAS 36 (article 33) gives the basic rules to follow when establishing your cash flow projections for the impairment testing:* Use ***reasonable and supportable assumptions***as a basis for your cash flow projections. They must reflect management’s estimate of economic conditions over remaining useful life of the asset while greater importance is given to ***external evidence***.
* Use the most recent ***financial budgets or forecasts*** approved by the management, while:
	+ ***Exclude future cash flows*** from restructuring or improving or enhancing asset’s performance;
	+ Cover a ***maximum of 5 years***, unless you can justify using longer period.

The main ingredient in preparing your cash flow projections is ***common sense***.Always bear in mind that your cash flows must be ***reasonable and supportable***.Here are a few tips to make it happen:* Use ***approved budgets and forecasts***.
* Put ***great importance on external information (***industry reports, experts’ valuations, forecasts about economy).
* Always ***check your forecasts to market data***.
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