

# Federal Accounting Standards Advisory Board

FOR MORE INFORMATION:

**Domenic Savini**  
202-512-6841  
savinid@fasab.gov

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## NEWS RELEASE

### **FASAB Issues Standards on Asset Impairment**

The Chairman of the Federal Accounting Standards Advisory Board (FASAB), Tom Allen, announced today that the FASAB issued Statement of Federal Financial Accounting Standards (SFFAS) 44, *Accounting for Impairment of General Property, Plant, and Equipment Remaining in Use*.

SFFAS 44 will require entities to report the effects of general property, plant, and equipment (G-PP&E) impairments in their financial statements. This will enable users of financial statements to discern the cost of impairments when they occur, the financial impact on the reporting entity, and the cost of services provided following the impairment. The new standards will also enhance comparability of financial statements between entities by requiring all entities to account for impairments in a similar manner beginning in fiscal year 2015. Because the standards do not require departments or agencies to specifically search for impaired assets and accordingly, any administrative burdens are expected to be negligible.

“The Board considered carefully the work of other public sector accounting standards-setters and the input of experts from the government and private sector. The resulting standards are intended to focus attention on significant impairments so that needed financial information is provided without undue effort,” noted Chairman Allen.

**The Statement is available at <http://www.fasab.gov/codifica.html>.**

#### **ABOUT FASAB**

*The FASAB serves the public interest by improving federal financial reporting through issuing federal financial accounting standards and providing guidance after considering the needs of external and internal users of federal financial information.*

Financial reports, which include financial statements prepared in conformity with generally accepted accounting principles, are essential for public accountability and for an efficient and effective functioning of our democratic system of government. Thus, the Board plays a major role in fulfilling the government's responsibility to be publicly accountable. Federal financial reports should be useful in assessing (1) the

government's accountability and its efficiency and effectiveness, and (2) the economic, political, and social consequences, whether positive or negative, of the allocation and various uses of federal resources.

The FASAB issues federal accounting standards after following a due process consistent with the Memorandum of Understanding under which it operates. Due process includes consideration of the financial and budgetary information needs of citizens, congressional oversight groups, executive agencies, and the needs of other users of federal financial information.

For more information on FASAB, please visit our website: [www.fasab.gov](http://www.fasab.gov).