

SCOPE

- Classification and presentation requirements apply to all recognized non-current assets and *disposal groups*.
- Measurement requirements apply to all recognized non-current assets and *disposal groups* **EXCEPT**:
 - Deferred tax assets (IAS 12);
 - Assets arising from employee benefits (IAS 19);
 - Financial assets (IAS 39);
 - Investment property measured @ fair value (FV) (IAS 40);
 - Biological assets and harvested agricultural produce measured @ FV less costs to sell (IAS 41); AND
 - Contractual rights under insurance contracts (IFRS 4).
- Classification, presentation and measurement requirements also apply to non-current assets classified as *held for distribution* to owners acting in their capacity as owners.
- If *disposal group* includes non-current assets within scope of IFRS 5 measurement requirements → apply measurement requirements to *disposal group* as a whole despite if scope of IFRS 5 excludes other assets in *disposal group*.

DEFINITIONS

- **Disposal group**: group of assets, possibly with directly associated liabilities, disposed of by sale/otherwise in a single transaction.
 - May be a group/single/part of cash generating unit(s) and may include goodwill acquired in business combination if allocated to the cash generating unit.
- **Discontinued operations**: *component of an entity* disposed of/classified as *held for sale* and:
 - Represents, or is part of single coordinated disposal plan for, a separate major line of business or geographical area of operations; OR
 - Is a subsidiary acquired exclusively with view to resale.
- **Component of an entity**: operations and cash flows clearly distinguished, operationally and for financial reporting purposes, from rest of entity.

CLASSIFICATION

HELD FOR SALE

Classify non-current asset (or *disposal group* including assets and liabilities of a subsidiary where loss of control is expected) as *held for sale* if:

- Its carrying amount will be recovered principally through sale rather than continuing use;
- Asset is available for immediate sale in its present condition subject only to usual and customary terms; AND
- Its sale is *highly probable*.

Highly probable = ALL of the following must be met:

- Appropriate level of management is committed to a sales plan.
- An active programme to locate a buyer and complete the plan has been initiated.
- Asset (or *disposal group*) must be actively marketed @ a reasonable price in relation to its current FV.
- Sale is expected to qualify for recognition as a completed sale within one year of classification date.
- Actions required to complete plan indicate that plan is unlikely to significantly change/be withdrawn.

Also consider probability of shareholder's approval if required in jurisdiction.

- If sale period extends > one year → does not preclude classification as *held for sale* if events outside entity's control delays completion and sufficient evidence that entity remains committed to selling plan (see Appendix B of the standard for detail).
- If acquired asset (or *disposal group*) with a view to dispose → classify as *held for sale* on acquisition if criteria to sell within one year is met and highly probable to meet all other criteria within a short period (i.e., usually within three months).
- If *held for sale* criteria met after reporting period but before FS authorized for issue → disclose (not recognized).

HELD FOR DISTRIBUTION

Classify non-current asset (or *disposal group*) as *held for distribution* to owners when the entity is committed to distribution. For this to apply:

- Asset must be available for immediate distribution in its present condition; AND
- Distribution = *highly probable*.

Highly probable = ALL of the following:

- Initiated actions to complete distribution.
- Expected to be completed within one year of classification.
- Actions required to complete indicate that unlikely to change/be withdrawn.
- Consider probability of shareholder's approval if required in jurisdiction.

ASSETS TO BE ABANDONED

- NOT classified as *held for sale* as carrying amount will be recovered principally through continuing use.
- Includes those non-current assets used to end of economic life and closed rather than sold.
- May meet *discontinued operations* definition.
- Temporarily taken out of use = NOT abandoned.

MEASUREMENT

- **Immediately before initial classification of non-current asset (or disposal group) as held for sale/distribution** → measure carrying amounts of assets (or *disposal group*) in accordance with applicable IFRSs.
- **At classification of non-current asset (or disposal group) as held for sale/distribution** → measure asset (or *disposal group*) @ LOWER of carrying amount and FV less costs to sell/distribute.
 - If sale period extends > one year → measure the costs to sell @ PV with any ↑ in PV arising from the passage of time presented in P/L as a financing cost.
- **On subsequent remeasurement of a disposal group** → measure carrying amounts of any assets and liabilities not within IFRS 5 measurement scope in accordance with applicable IFRSs before remeasuring the entire *disposal group* @ FV less costs to sell.
 - Do NOT depreciate if *held for sale/part of disposal group*.
 - Interest and other expenses attributable to liabilities of a *disposal group* → continue to recognize.

MEASUREMENT (cont'd)

RECOGNITION OF IMPAIRMENT LOSSES AND REVERSALS

- **Recognize impairment loss** for initial/subsequent write-down to FV less costs to sell to extent not already written down per another IFRS.
- **Recognize gain** (i.e., reversal of impairment) for subsequent ↑ in FV less costs to sell:
 - To extent not recognized per another IFRS; and
 - NOT in excess of the cumulative impairment loss previously recognized under IFRS 5 or another IFRS.
- Impairment loss recognized for a *disposal group* shall be allocated to reduce the carrying amount of the non-current assets within the scope of the IFRS 5 measurement requirements:
 - First, to goodwill.
 - Then, to the other non-current assets pro rata on the basis of their carrying amounts.
- Subsequent gain recognized for a *disposal group* shall be allocated to the non-current assets within the scope of the IFRS 5 measurement requirements pro rata on the basis of their carrying amounts.
- Gain/loss NOT previously recognized by sale date → recognized @ the date of derecognition
 - Follow derecognition requirements in IAS 16 and 38.

CHANGES TO PLAN OF SALE/DISTRIBUTION TO OWNERS

- **If held for sale/distribution classification criteria are no longer met** → cease classification and:
 - Measure non-current asset or *disposal group* @ LOWER of its:
 - Carrying amount before classification adjusted for any depreciation/ amortization/revaluations that would have been recognized had asset not been classified as *held for sale/distribution*; AND
 - Recoverable amount @ the date of decision not to sell/distribute.
 - Include any adjustment to carrying amount(s) in P/L from continuing operations in period criteria are no longer met.
- **If individual asset or liability removed from a disposal group classified as held for sale/distribution** → remaining assets/liabilities can continue to be measured as a group only if *held for sale/distribution* criteria met. Otherwise:
 - If remaining non-current assets of group:
 - Individually meet the *held for sale/distribution* criteria → individually measure them @ LOWER of their carrying amounts or FV less cost to sell/ distribute.
 - Do NOT individually meet the *held for sale/distribution* criteria → cease to classify as *held for sale/ distribution* and measure @ LOWER of their carrying amount before classification, adjusted for any depreciation/amortization/revaluations that would have been recognized had asset not been classified as *held for sale/distribution*, AND their recoverable amount.
- **If non-current asset or disposal group reclassified from held for sale to held for distribution, or vice versa** → change considered a continuation of original plan of disposal.
 - Apply applicable classification, presentation and measurement requirements of IFRS 5 applicable to new disposal method.
 - Recognize any reductions or increases in FV less costs to sell/distribute per IFRS 5 impairment requirements.
 - No change to date of classification but doesn't prevent an extension of period required to complete a sale/distribution if relates to events outside entity's control and sufficient evidence that entity remains committed to selling plan.

PRESENTATION AND DISCLOSURE

HELD FOR SALE

- Remeasurement gain/loss that does NOT meet the discontinued operation definition → include in P/L from continuing operations.
- Present non-current asset(s) and assets/liabilities of a *disposal group* classified as *held for sale* separately from other assets and liabilities in the statement of financial position.
 - Held for sale assets and liabilities should NOT be offset.
 - Major classes of assets/liabilities classified as *held for sale* may be separately disclosed either in statement of financial position or notes.
 - Comparatives should NOT be reclassified/re-presented.
- Present separately any cumulative income/expense recognized in other comprehensive income relating to non-current asset(s) or *disposal group* classified as *held for sale*.

DISCONTINUED OPERATIONS

- Present for both current and prior periods:
 - A single amount in the statement of comprehensive income comprising the total of:
 - Post-tax P/L of discontinued operations; AND
 - Post-tax gain/loss recognized on the measurement to FV less costs to sell or on disposal of asset(s) or *disposal group(s)* constituting the discontinued operation.
 - Net operating, investing and financing cash flows of discontinued operations either in the statement of cash flows or notes.
 - Amount of income from continuing operations and discontinued operations attributable to owners of the parent either in the statement of comprehensive income or notes.
- Adjustments in the current period to amounts directly related to the disposal of a discontinued operation in a prior period shall be classified separately in discontinued operations.
- If a *component of an entity* ceases to be classified as *held for sale*, its results of operations previously presented in discontinued operations are reclassified and included in income from continuing operations for all periods presented.
 - Prior period amounts shall be described as re-presented.

- Present and disclose information that enables users of F/S to evaluate financial effects of discontinued operations and disposals of non-current assets or *disposal groups*.
- Refer to IFRS 5.30-.42 for further details on, and additional, disclosure requirements.