



IFRS IN BRIEF

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

SCOPE

- Determines when a non-current asset (or disposal group) is classified as held for sale, held for distribution; or a discontinued operation
- How to measure such assets
- How such assets and associate liabilities are disclosed

DEFINTION

To be classified as held-for-sale a non-current asset (or disposal group) must be available for immediate sale in its present condition and subject only to customary sales terms. The sale must be highly probable.

To be highly probable, the sale must have the following features:

- Appropriate level of management must be committed to the sale
- Asset is being actively marketed at a reasonable price
- The sale should be expected to occur within 12 months of the date of classification, except in limited circumstances
- Actions undertaken should indicate it is unlikely that there will be a significant change in the plan of sale or that it will be withdrawn

A non-current asset (or disposal group) may also be classified as held for distribution to owners if similar conditions are met in relation to the proposed distribution.

Discontinued operation

A clearly distinguishable component of the entity that has been classified as held

for sale or disposed of and is any of the following:

- Represents a major line of business or geographical region
- Is part of a single co-ordinate plan to dispose of major line of business or geographical region
- Is a subsidiary acquired exclusively with the intent to resell

MEASUREMENT

Non-current asset (or disposal group) held for sale or distribution should be held at the lower of its carrying amount determined in accordance with other applicable IFRS and fair value less costs to sell/ distribute.

Depreciation and amortisation should not be recognised on any non-current assets held for sale/ distribution.

Excluded Assets

The following assets are excluded from the measurement requirements of the standard, but still must be presented as held-for-sale if the definition is met:

- Deferred tax assets
- Assets arising from employee benefits
- Financial assets
- Investment properties at fair value
- Agricultural assets at fair value
- Insurance contracts

PRESENTATION AND DISCLOSURE

Income Statement

A single line item should be recognised in the income statement that combines:

- Net post-tax profit or loss of the discontinued operations
- Post-tax adjustment required to measure the non-current assets at lower of fair value and carrying amount.

The comparative period should also be restated to show the net post-tax profit or loss of the discontinued operations as a single line item for consistency.

Statement of financial position

Non-current assets held for sale, and the assets and liabilities of a disposal group, should be presented as current assets and liabilities and separately from other current assets and liabilities. The assets and liabilities shall not be offset. Major classes of assets and liabilities classified as

held for sale shall be separately disclosed either in the statement of financial position or in the notes, except for the newly acquired subsidiary classified as held for sale on acquisition. Comparative periods are not restated.

Additional Disclosures

Information should be provided in the notes that disaggregates the single line in the income statement into the revenues and expenses from the discontinued operations. In addition, information should be provided around the assets held for sale (or disposal group) and information on the expected sale, including timing and gain or loss recognised on reclassification to held for sale and impairment losses and reversals.

CONTACTS

BOAZ DAHARI

Moore Israel
boazd@lionorl.co.il

CHRISOF STEUBE

Moore Singapore
christofsteube@moorestephens.co.msg

EMILY KY CHAN

Moore CPA Limited
emilykychan@moore.hk

IRINA HUGHES

Johnston Carmichael
Irina.Hughes@jcca.co.uk

KRISTEN HAINES

Moore Australia
kristen.haines@moore-australia.com.au

NEES DE VOS

Moore DRV
N.de.Vos@drv.nl

PAUL CALLAGHAN

Moore Oman
paul.callaghan@moore-oman.com

SAHEEL ABDULHAMID

Moore JVB LLP
saheel@moore-jvb.com

TAN KEI HUI

Moore Malaysia
keihui@moore.com.my

TESSA PARK

Moore Kingston Smith
TPark@mks.co.uk

THEODOSIOS DELYANNIS

Moore Greece
theodosios.Delyannis@moore.gr

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