



California
Society
Certified
Public
Accountants

September 5 2003

Anne McGeachin, Project Manager
International Accounting Standards Board
30 Cannon Street
London EC4M 6XH, United Kingdom

(also via e/mail: CommentLetters@iasb.org.uk)

Reference: Disposal of Non-Current Assets and Presentation of Discontinued Operations

Dear Ms. McGeachin:

The Accounting Principles and Auditing Standards Committee of the California Society of Certified Public Accountants (the Committee) has discussed the above-referenced exposure draft ("ED") and is pleased to provide our comments. The Committee is the senior technical committee of our state society. The Committee is composed of 42 members, of whom 2% are from national CPA firms, 75% are from local or regional firms, 19% are sole practitioners in public practice, 2% are in industry, and 2% are in academia.

Our Committee was in substantial agreement with most aspects of the ED. We are pleased to provide the following comments with regard to those areas of the ED which we found to be potentially problematic:

Question 7 We discussed, but we did not reach a consensus on whether non-current assets held for sale should be presented as current. While some members believed that such assets were not a component of working capital, others felt that classification as a current asset was acceptable. In either case, we felt that assets and liabilities of a disposal group should not be offset and presented net.

In Statement of Financial Accounting Standards No. 144, the FASB did not believe it necessary to address the classification of assets or liabilities (other than to refer to existing U.S. accounting pronouncements including ARB No. 43, Chapter 3, "Working Capital"). The footnote to Appendix A on page 19 of the exposure draft indicates that the IASB has tentatively decided in the improvements project to exclude noncurrent assets to be realized in the next twelve months from current classification. Since this

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position is opposite of the conclusion reached in this ED as well as U.S. GAAP, we urge that you continue to address this matter and seek to resolve whatever remaining differences still exist in the interest of convergence.

Question 8 - Our view is that convergence is clearly a priority with respect to this matter. We do not believe that criteria, such as separate line of business, major class of products, or geographical area, should be controlling, and that the criteria included in the proposed standard are sufficient. It seems fairly obvious to us that smaller units sold in the normal course of business do not constitute discontinued operations and should not be reported as such based on the application of materiality.

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The Committee appreciates this opportunity to comment, and will be pleased to discuss our comments with the Board or its staff at your convenience.

We encourage your continuing convergence efforts.

Very truly yours,

A handwritten signature in dark ink, appearing to read "D. P. Tuttle", is written over a light blue horizontal line.

David P. Tuttle, Chair
Accounting Principles and Auditing Standards Committee
California Society of Certified Public Accountants

DPT/jt