

## **ED 4 DISPOSAL OF NON-CURRENT ASSETS AND PRESENTATION OF DISCONTINUED OPERATIONS**

### **Question 1 - Classification of non-current assets held for sale**

We agree that separate classification of non-current assets held for sale is necessary as currently in IFRSs no distinction is made between non-current assets held and used and non-current assets held for sale, except in relation to financial instruments. Such information would be of benefit to users of financial statements and such information would assist in assessing the timing and amount of future cash flows. As far as the classification being made, we prefer the term 'held for sale.'

### **Question 2 - Measurement of non-current assets classified as held for sale**

We agree that the remaining use in operations of an asset that is to be sold is incidental to the recovery of the carrying amount through sale. The accounting for such an asset should therefore be a process of valuation than allocation. Hence assets classified as held for sale should be measured at the lower of carrying amount and fair value less costs to sell and should not be depreciated.

### **Question 3- Disposal groups**

Yes, we agree that the most appropriate allocation of the impairment loss is to the non-current assets that are within the scope of the draft IFRS.

### **Question 4 - Newly acquired assets**

Yes, we agree that for the sake of convergence with SFAS 144, the IFRS on Business Combinations should be amended such that non-current assets acquired as part of a business combination that meet the criteria to be classified as held for sale would be measured at fair value less costs to sell on recognition.

### **Question 5 -Revalued assets**

Yes, this is in accordance with IAS 36 on Impairment of Assets except to the extent that the losses and gains are caused by the initial recognition of or changes in cost to sell., which it is agreed should always be recognised in the income statement.

### **Question 6 - Removal of the exemption from consolidation for subsidiaries acquired and held exclusively with a view to resale**

We don't agree with the removal of the exemption. A subsidiary is a cohesive unit ,as it stands, and to treat it otherwise, as an available for sale investment, would appear to be contradictory.

### **Question 7- Presentation of non-current assets held for sale**

Yes, information about the nature of both assets and liabilities of a disposal group is useful to users. Separate presentation of those items in the balance sheet provides information that is relevant and also distinguishes those assets that are not being depreciated from those that are being depreciated.

ED 4 (Continued)

**Question 8** - Classification as a discontinued operation

We agree that, to be consistent with the presentation of assets held for disposal and in the interests of convergence, an operation should be classified as discontinued when it is disposed of or classified as held for sale.

We agree with the definition that a component of an entity may be a business, geographical, or reportable segment, a cash generating unit or group of cash generating units or a subsidiary.

We agree with the Board that by broadening the classification of discontinued operations, the risk of potential confusion to users arising from restatement is outweighed by the benefit to users of enhanced information on the ongoing operations of the entity.

**Question 9** - Presentation of a discontinued operation

We agree with the recommendation that revenue, expenses and pre-tax profit or loss of a discontinued operation and the tax expense relating thereto should be presented separately on the face of the income statement and the fact that note disclosure is no longer allowed, to give prominence to information about continuing and discontinued operations.