



Project **Discontinued Operations (Amendments to IFRS 5)**

Topic **Update on the FASB Education Session**

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1. On 15 April 2009, the FASB discussed the definition of discontinued operations at its Education Session. At that meeting, FASB Board members developed an additional alternative that was not discussed by the staff in the paper.
2. The alternative can be described as follows:
  - (a) Eliminate the requirement to present discontinued operations (except for businesses that meet the criteria to be classified as held for sale on acquisition) on the face of the statement of comprehensive income. The effects of businesses that meet the criteria to be classified as held for sale on acquisition would continue to be presented separately from continuing operations (but possibly with a label that better describes these items).
  - (b) Disclosures would be required for all components of an entity that have been disposed of or classified as held for sale, for the items proposed in the Exposure Draft, for all periods presented.
3. FASB Board members expressed their concern that *strategic shift* may be difficult to define or put parameters around and that management would be inclined to report as discontinued operations only those disposals that resulted in a loss and include disposals that resulted in a gain or no loss in continuing operations. Moreover, FASB Board members noted that, as a result of not precluding the presentation in discontinued operations when there is continuing involvement, the statement of comprehensive income might present information that is not entirely transparent.
4. Some FASB Board members noted that, while information provided in the footnotes would allow users to get a better understanding of the components of an entity that either have been disposed of or classified as held for sale, this

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## **IASB Staff paper**

information would not be available until the entity files its financial statements, which is substantially later than when the entity presents its statement of comprehensive income in its press release.

5. FASB Board members stated that they would like to understand users' views regarding this alternative before further deliberating this issue. They directed the staff to reach out to users to obtain their feedback on this alternative.