



&/

1926/1906

October 23, 2003

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

E-mail: commentletters@iasb.org.uk

Dear Ms. McGeachin,

**Re: Proposed IFRS, ED4 “Disposal of Non-Current Assets
and Presentation of Discontinued Operations”**

In response to your invitation to comment on the Exposure Draft of the proposed IFRS “Disposal of Non-Current Assets and Presentation of Discontinued Operations”, following are our comments on behalf of the Institute of Certified Public Accountants in Israel.

We concur with the Board’s objective of reducing differences between IFRS’s and US GAAP.

The following are our comments to the specific questions set forth in the ED.

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

We agree with the Exposure Draft’s proposal that non-current assets should be classified as held for sale if the specified criteria are met. Such classification would provide additional useful information to users.

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

We believe that the measurement basis for non-current assets classified as held for sale should be the lower of carrying amount and fair value less costs to sell, as proposed in the Exposure Draft.

Question 3 - Disposal groups

We agree with the Exposure Draft's proposal that assets and liabilities that are to be disposed of together in a single transaction should be treated as a disposal group.

Question 4 - Newly acquired assets

We believe that newly acquired assets that meet the criteria to be classified as held for sale should be measured at fair value less costs to sell upon recognition.

Question 5 - Revalued assets

As proposed in the Exposure Draft, we believe it is appropriate that, for revalued assets, impairment losses arising from the write-down of assets to fair value less costs to sell should be treated as revaluation decreases in accordance with the standard under which the assets were revalued. Costs to sell and any subsequent changes in costs to sell should be recognized in the income statement.

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

We agree with the proposed amendment to IAS 27 to remove the exemption from consolidation for subsidiaries acquired and held exclusively with a view to resale.

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

We believe that non-current assets held for sale should be presented separately in the balance sheet.

Question 8 - Classification as a discontinued operation

We agree with the criteria proposed in the Exposure Draft for classification as a discontinued operation. We believe that although the criteria could result in relatively small units being classified as discontinued, the objective of convergence with US GAAP is an overriding factor.

Question 9 - Presentation of a discontinued operation

We believe that the results of a discontinued operation should be presented as a separate component in the income statement (net of income tax) for all periods presented, as presently required by SFAS 144.

Sincerely yours,

Adir Inbar, CPA (Isr.)
Chair, Professional Council

Aronon Ratzkovsky, CPA (Isr.)
Chair, Accounting Principles &
Financial Reporting Committee