

Dear Sir,

The AFEP appreciates the opportunity to offer its views on the Exposure Draft "ED 4 Disposal of Non-current Assets and Presentation of Discontinued Operations" and to set out the position expressed by its members.

***Measurement of non-current assets as held for sale (§8-16;Q2)***

The Exposure Draft proposes that non-current assets classified as held for sale should not be depreciated.

The AFEP believes that this measurement basis is not appropriate and that depreciation should cease when the asset is both held for sale and retired from active use.

When the asset is still used, depreciation should continue to be recognized. This treatment would reflect the consumption of the asset and avoid to distort the presentation of the operating result.

***Removal of the exemption from consolidation for subsidiaries acquired and held exclusively with a view to resale (consequential amendment to IAS 27;Q6)***

We believe that the mere removal of this exemption is not appropriate.

Consistently with IAS 22.71-74, we believe that it should be maintained until the end of the first annual accounting period (excluding also interim periods) commencing after acquisition, both in IAS 27, *Consolidated Financial Statements and Accounting for Investments in Subsidiaries* and in the future revised standard IAS 22, *Business Combinations*.

This time-frame is needed to collect additional evidence and thus to assist with the estimation of the value of the identifiable assets or liabilities at the date of acquisition.

Sir David Tweedie  
Chairman of the Board  
International Accounting Standards Board  
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London,  
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### ***Classification as a discontinued operation and continuing involvement (§22-23;Q8)***

The Exposure Draft proposes that a discontinued operation should be a component of an entity that either has been disposed of, or is classified as held for sale, and (a) the operations and cash flows of that component have been, or will be, eliminated from the ongoing operations of the entity as a result of its disposal, and (b) the entity will have *no significant continuing involvement in that component after its disposal*.

The Exposure Draft is not clear on how the notion of significant continuing involvement should be applied.

In our view, it would be helpful to state explicitly that a component e.g. a subsidiary that has been disposed of, or is classified as held for sale can be regarded as a discontinued operation when the entity has significant influence after the disposal.

Failing this, comparability could be severely impaired in subsequent periods.

### **Presentation of a discontinued operation (§24, Q9)**

We believe that the presentation of a single amount, profit after tax, for discontinued operations on the face of the income statement with a breakdown in the notes would best meet the objectives of comparability, understanding and relevance without losing valuable detailed information.

The AFEP-AGREF appreciates the opportunity to comment and would be pleased to discuss these comments further.

Yours sincerely,

Le Directeur Général



Patrick ROCHET