

Ref: /C/MD/ED4-2

October 21, 2003

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Subject: **ED4 Disposal of Non-Current Assets and Presentation of  
Discontinued Operations**

Dear Madam,

Following comments are offered on the Exposure Draft ED4 Disposal of Non-Current Assets and Presentation of Discontinued Operations. The question-wise comments are:

**Question No. 1:**

Yes, the separate classification of non-current assets held for sale will enable to provide additional information to the users; but the criterion for classification of non-current assets into assets held for sale and other non-current assets (or disposal group) stated at Appendix 'B' are surrounded with uncertainty and are largely dependent on the intent and views of entity's management.

For reasons mentioned above the classification proposed cannot be agreed with as an acceptable standard.

**Question No. 2:**

The FASB while considering the requirements of SFAS 144 observed that the requirement of SFAS 144 relating to the impairment of assets held for use were not considered by the Board on the ground that such assets is an issue that is being addressed in the IASB research project on measurement being led by the Canadian Accounting Standard Board.

Since the measurement of non-current assets (or disposal group) held for sale and impairment of assets held for use are inter-related closely, it is not considered appropriate to issue a standard on

related subject before the consideration and approval or otherwise of recommendations by CASB led project of IASB.

**Question No. 3**

It will not be appropriate to group the non-current assets as a disposal group without a well defined criterion for classification.

**Question No. 4, 5, 6, 7, 8 and 9.**

In view of the comments in the preceding paragraphs, the measurement at fair value less costs to sell on initial recognition or removal of the exemption from consolidation for subsidiaries held for resale are concepts requiring detailed standards.

We agree with the alternative view of the first Board Member mentioned at Appendix 'A'.

With best regards,

Yours truly,

Kamaluddin  
Director Research

**Copy to:**

Chairman Research & Technical Committee