



**30 Cannon Street, London EC4M 6XH, United Kingdom**  
**Tel: +44 (0)20 7246 6410 Fax: +44 (0)20 7246 6411**  
**E-mail: [iasb@iasb.org](mailto:iasb@iasb.org) Website: [www.iasb.org](http://www.iasb.org)**

**International  
Accounting Standards  
Board**

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## *Amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations*

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*Project Updates are provided for the information and convenience of constituents who wish to follow the IASB's deliberations. All conclusions reported are tentative and may be changed at future IASB meetings. Decisions become final only after completion of a formal ballot to issue an International Financial Reporting Standard, Interpretation, or Exposure Draft.*

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### Introduction

**This project report is structured as follows:**

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### Objective

1. The objective of this project is address two decisions that the IASB and the FASB (collectively, the Boards) have made in other joint projects:

- (a) In their joint project on business combinations, the Boards decided that non-current assets held for sale should be measured at *fair value* rather than at *fair value less costs to sell* (measurement portion of the project).
  - (b) In their joint project on financial statement presentation, the Boards decided to develop a converged definition of *discontinued operations* and require converged disclosures related to disposals of components of an entity (discontinued operations portion of the project).
2. This project is a joint project with the FASB. As a result of this joint project, the FASB expects to amend Subtopic 205-20 *Discontinued Operations* of the FASB Accounting Standards Codification™ (originally issued as FASB Statement No. 144, *Accounting for Impairment or Disposal of Long-Lived Assets*).

## Next Steps

3. The IASB has published an Exposure Draft in September 2008 and invited comments until 23 January 2009. The Board has been redeliberating the issues raised in the comment letters since April 2009.
4. The staff estimates that the final amendment to IFRS 5 will be published by the end of the first quarter of 2010.

## Background

### *Measurement Portion*

5. In their joint project on business combinations, the Boards decided that non-current assets held for sale (including those that do not relate to business combinations) should be measured at *fair value* rather than at *fair value less costs to sell*. However, the Boards noted that they need to provide an opportunity for constituents to comment on this decision and, in the revised business combination standards (namely, IFRS 3 *Business Combinations* (as revised in 2008) and FASB Statement No. 141, *Business Combinations* (revised 2007)), the Boards decided to allow a temporary exception to the measurement principle of fair value until IFRS 5 and Statement 144 were amended.

### *Discontinued Operations Portion*

6. In their joint project on financial statement presentation, the Boards decided to converge the definition of *discontinued operations* and to require converged disclosures for all components of an entity that have been (or will be) disposed of.
7. The Boards agreed to address the guidance for reporting discontinued operations and any related disclosure issues separately from the financial statement project. Both Boards recognised that it would be more expedient to address the reporting issues created by current discontinued operations guidance through a separate project.

## Due Process Documents Issued

### *Discontinued Operations Portion*

8. In September 2008, the Board published an Exposure Draft, *Discontinued Operations: Proposed amendments to IFRS 5*. The comment period for this Exposure Draft ended on 23 January 2009.
9. The Exposure Draft proposes changing the definition so that a discontinued operations is a component of an entity that
  - (a) is an *operating segment* (as that term is defined in IFRS 8) and either has been disposed of or is classified as held for sale, or
  - (b) is a *business* (as that term is defined in IFRS 3 *Business Combinations* (as revised in 2008)) that meets the criteria to be classified as held for sale on acquisition.
10. The Exposure Draft is available from the IASB website.
11. In September 2008, the FASB also published a Proposed FASB Staff Position (FSP) 144-d, *Amending the Criteria for Reporting Discontinued Operations*, which contains proposals similar to the Exposure Draft. The comment period for this Proposed FSP ended on 23 January 2009. The Proposed FSP is available from the FASB website.

## Tentative Decisions to Date

### *Measurement Portion*

12. At its April 2008 Board meeting, the Board decided to drop this portion of the project and decided not to amend IFRS 5 for the measurement of non-current assets held for sale. Accordingly, the exception to the measurement principle of fair value related to non-current assets held for sale in IFRS 3 (revised 2008) will remain in force.
13. The FASB also decided to drop its project to change the measurement of non-current assets held for sale.

#### *Discontinued Operations Portion*

14. At the October 2009 joint FASB/IASB Board meeting, the Boards directed the staff to analyse IFRS 5 to explore the option of adopting, as the common definition, the definition of discontinued operations in that standards. Additionally, the Boards directed the staff to analyse the disclosures required by IFRS 5 and ASC Subtopic 205-20 and develop a proposal for common disclosures.

### Contact information

15. Staff contacts
  - Nobu Kawanishi (FASB International Fellow): [nkawanishi@fasb.org](mailto:nkawanishi@fasb.org)
  - Anne McGeachin (IASB Senior Project Manager): [amcgeachin@iasb.org](mailto:amcgeachin@iasb.org)