

Meeting: International Public Sector Accounting
Standards Board

Meeting Location: Virtual Meeting

Meeting Date: September 14–18, and 22, 2020

Agenda Item 8

For:

- ☒ Approval
☐ Discussion
☐ Information

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Project summary	The objective of this project is to develop and IPSAS aligned with IFRS 5, <i>Non-current Assets Held for Sale and Discontinued Operations</i> .	
Board sponsor	<ul style="list-style-type: none"> David Watkins, IPSASB Technical Advisor 	
Meeting objectives	Topic	Agenda Item
Project management	Non-current Assets Held for Sale and Discontinued Operations: Project Roadmap	8.1.1
	Instructions up to Previous Meeting	8.1.2
	Decisions up to Previous Meeting	8.1.3
Decisions required at this meeting	Additional Disclosures for Surplus Assets and Assets to be Transferred to Public Sector Entities	8.2.1
	Additional Disclosures for the Fair Value of Assets Measured at Carrying Amount	8.2.2
	Use of Non-current Assets Held for Sale accounting when a Fair Value cannot be determined	8.2.3
	Other Instructions from June 2020 IPSASB Meeting	8.2.4
	Specific matters for Comment	8.2.5
	Exposure Draft Development – Amendments to other IPSAS	8.2.6
	Basis for Conclusions	8.2.7
	Public Sector Amendments to IFRS 5, <i>Non-current Assets Held for Sale and Discontinued Operations</i> - Definitions	8.2.8
	Approval: ED 79, <i>Non-current Assets Held for Sale and Discontinued Operations</i>	8.2.9

Other supporting items	<u>[draft] Exposure Draft 79, <i>Non-current Assets Held for Sale and Discontinued Operations</i></u>	<u>8.3.1</u>
	<u>Other Public Sector Amendments to IFRS 5, <i>Non-current Assets Held for Sale and Discontinued Operations</i></u>	<u>8.3.2</u>

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS: PROJECT ROADMAP

Meeting	Completed Actions or Discussions / Planned Actions or Discussions:
March 2020	1. Initial review of Accounting for Non-current Assets Held for Sale draft Project Brief and Outline
June 2020	1. Discuss Issues 2. Approval of Accounting for Non-current Assets Held for Sale Project Brief and Outline
September 2020	1. Approve Exposure Draft (ED)
January 2021 ¹	1. Issue ED
February 2021 – July 2021	1. Consultation Period (6 Months)
September 2021	1. Review of Comments 2. Discuss Issues 3. Review [draft] IPSAS
December 2021	1. Approve IPSAS
January 2022	1. Issue IPSAS

¹ [draft] ED 79 is planned to be issued alongside the ED for Measurement, Infrastructure Assets, Heritage Assets, and Conceptual Framework in early 2021 so constituents can comment on the package.

INSTRUCTIONS UP TO PREVIOUS MEETING

Meeting	Instruction	Actioned
June 2020	1. Develop additional disclosure requirements to be included in IPSAS 17, <i>Property, Plant and Equipment</i> and IPSAS 31, <i>Intangible Assets</i> , for surplus assets and for assets that are to be transferred to another public sector entity.	1. Agenda Item 8.2.1
	2. Develop guidance to be included in IPSAS 17, and IPSAS 31, to address how to account for assets that are to be transferred to another public sector entity, both for individual assets and those assets that will be accounted for under IPSAS 40, <i>Public Sector Combinations</i> . Address how accumulated depreciation and impairment are treated and the measurement of the asset from the transferor's and transferee's perspective (e.g., net book value).	2. Agenda Item 8.2.4 (Paragraphs 4-8)
	3. Consider the linkages between IPSAS 16, <i>Investment Property</i> and IPSAS 17 in relation to surplus assets.	3. Agenda Item 8.2.4 (Paragraphs 9-12)
	4. Ensure the issue of transferred assets is clearly articulated in the 'At a Glance' document.	4. Agenda Item 8.2.4 (Paragraphs 13-15)
	5. Develop a diagram which illustrates where transactions in the scope, and outside the scope are accounted for.	5. Agenda Item 8.2.4 (Paragraphs 13-15)
	6. Consider whether the use of 'commercial transaction' is appropriate for this project.	6. Agenda Item 8.2.4 (Paragraphs 16-19)
	7. Develop disclosures that require the fair value of an asset classified as held for sale to be provided in the notes to the accounts.	7. Agenda Item 8.2.2
	8. Consider any interactions with IPSAS 32, <i>Service Concession Arrangements: Grantor</i> .	8. Agenda Item 8.2.4 (Paragraphs 20-26)
	9. Develop a paper on which SMCs to include and why but specifically include an SMC regarding whether assets classified as held for sale should be measured only at fair value less costs to sell, using IFRS 5 requirements with added disclosure or IFRS requirements only.	9. Agenda Item 8.2.5

Agenda Item 8.1.2

	10. Develop a paper that considers if the standard would apply if fair value cannot be determined. This should consider if net selling price should be used if the fair value of an asset could not be measured.	10. Agenda Item 8.2.3
	11. Ensure that the linkages between IFRS 5 and IFRS 3, <i>Business Combinations</i> regarding Discontinued Operations are maintained between the ED and IPSAS 40.	11. Agenda Item 8.2.4 (Paragraphs 27-31)
	12. Ensure the Basis for Conclusion reflects the discussions and decisions made.	12. Agenda Item 8.2.7
March 2020	1. Liaise with the Measurement team/taskforce to consider the most appropriate measurement basis for non-current assets classified as held for sale.	Actioned – June 2020 Meeting 1. Agenda Item 11.2.4 2. Agenda Item 11.2.5
	2. Develop a Board paper addressing the interactions with IPSAS 40, <i>Public Sector Combinations</i> and non-current assets that will be transferred to another public sector entity.	Actioned – June 2020 Meeting 3. Agenda Item 11.2.2 4. Agenda Item 11.2.3
	3. Develop a Board Paper addressing the public sector factors determining the time between a non-current asset being surplus and it being classified as held for sale.	Actioned – June 2020 Meeting 5. Agenda Item 11.2.1
	4. Discuss the project brief with the CAG in June 2020	Actioned – June 2020 Meeting 6. CAG Agenda Item 4
	5. Present a revised Project Brief for Board approval at the June 2020 Meeting.	Actioned – June 2020 Meeting 7. Agenda Item 11.2.7 8. Agenda Item 11.3.1
	6. Consider the project title options, bearing in mind the above specific public sector issues, including the suggested title “Assets Available for Disposal”.	Actioned – June 2020 Meeting 9. Agenda Item 11.2.6
	7. Remove the flowchart on the development of guidance from the project brief.	Actioned – June 2020 Meeting 10. Removed see—Agenda Item 11.3.1

DECISIONS UP TO PREVIOUS MEETING

Meeting	Decision	BC Reference
June 2020	1. The Project Brief was approved.	1. BC3
	2. The IFRS 5 title, <i>Non-current Assets Held for Sale and Discontinued Operations</i> should be retained for the project.	2. BC4
	3. The scope and measurement requirements of IFRS 5 should be retained.	3. BC5-10
	4. The fair value of assets classified as held for sale should be added to the disclosure requirements.	4. B11

Additional Disclosures for Surplus Assets and Assets to be Transferred to Public Sector Entities

Question

1. Does the IPSASB agree with the proposed amendments to add disclosures on surplus assets and assets to be transferred to public sector entities to IPSAS 17, *Property, Plant, and Equipment* and IPSAS 31, *Intangible Assets*?

Recommendation

2. Staff and Board sponsor recommend including the proposed disclosures in IPSAS 17 and IPSAS 31.

Background

3. This paper addresses the IPSASB instruction from the June 2020 meeting to develop additional disclosure requirements to be included in IPSAS 17 and IPSAS 31 for:

- (a) Surplus assets; and
- (b) Assets that are to be transferred to another public sector entity.

These disclosures will be added to IPSAS 17 and IPSAS 31 via the Amendments to other IPSAS which is Appendix B of [Agenda Item 8.3.1](#)

Analysis

4. At the June 2020 IPSASB meeting the Board decided that the scope of [draft] IPSAS [X] (ED 79), *Non-current Assets Held for Sale and Discontinued Operations* only applies to non-current assets that satisfy the criteria to be classified as held for sale. Therefore, assets that are to be transferred to another public sector entity, or assets that are surplus to an entity's operations would not be within the scope of ED 79.
5. The Board decided that additional disclosures on surplus assets or assets that are to be transferred to another public sector entity, not covered by the scope of ED 79, would provide useful information to users of the financial statements to indicate such assets are no longer expected to be used for the entity's objectives.

Disclosures in IPSAS 17

6. Staff and Board sponsor propose the following disclosure on surplus assets be added as a new paragraph 89A following paragraph 89 in IPSAS 17. New text is underlined.

<p>89A <u>An entity shall also disclose in the notes to the financial statements the carrying amount of assets that are deemed surplus to the entity's operational requirements but that do not meet the criteria to be classified as held for sale under [draft] IPSAS [X] (ED 79).</u></p>

7. Regarding the disclosure on assets that are to be transferred to another public sector entity, staff and Board sponsor consider that this would best be incorporated into the disclosure at IPSAS 17

paragraph 88(e) that requires a reconciliation of the carrying amounts at the beginning and end of the period of various aspects associated with property, plant, and equipment.

8. The following shows IPSAS 17 paragraph 88, with proposed changes provided in markup. Please note that the highlighted text is already proposed to be made as an amendment to IPSAS 17 as part of the Amendments to other IPSAS (See [Appendix B](#) of [Agenda Item 8.3.1](#)). New text is underlined, and deleted text is struck through.

88 **The financial statements shall disclose, for each class of property, plant, and equipment recognized in the financial statements:**

(a) ...

...

(e) **A reconciliation of the carrying amount at the beginning and end of the period showing:**

(i) **Additions;**

(ii) **~~Disposals~~Assets classified as held for sale or included in a disposal group classified as held for sale in accordance with [draft] IPSAS [X] (ED 79);**

(ii)A **Assets allocated for transfer to another public sector entity in a transaction that is outside the scope of [draft] IPSAS [X] (ED 79);**

(ii)B **Any other disposals;**

(iii) **Acquisitions through entity combinations;**

...

Proposed Disclosures for IPSAS 31

9. The potential for surplus assets and assets to be transferred to other public sector entities is not restricted to tangible assets but can also occur with intangible assets. Therefore, staff and Board sponsor propose additional disclosures in IPSAS 31.
10. Paragraph 117 of IPSAS 31 requires a similar reconciliation to paragraph 88 in IPSAS 17 and propose the following amendment. Please note that the highlighted text is already proposed to be made as an amendment to IPSAS 31 as part of the Amendments to other IPSAS (See [Appendix B](#) of [Agenda Item 8.3.1](#)). New text is underlined, and deleted text is struck through.

117. **An entity shall disclose the following for each class of intangible assets, distinguishing between internally generated intangible assets and other intangible assets:**

(a) ...

...

(e) **A reconciliation of the carrying amount at the beginning and end of the period showing:**

(i) **Additions, indicating separately those from internal development, those acquired separately, and those acquired through acquisitions;**

- (ii) **DisposalsAssets classified as held for sale or included in a disposal group classified as held for sale in accordance with [draft] IPSAS [X] (ED 79):**
- (ii)A **Assets allocated for transfer to another public sector entity in a transaction that is outside the scope of [draft] IPSAS [X] (ED 79):**
- (ii)B **Any other disposals:**
- (iii) **Increases or decreases during the period resulting from revaluations under paragraphs 74, 84 and 85 (if any);**
- ...

11. Staff and Board sponsor propose the following disclosure on surplus assets be added as a new paragraph 117A following paragraph 117. New text is underlined.

117A An entity shall also disclose in the notes to the financial statements the carrying amount of assets that are deemed surplus to the entity's operational requirements but that do not meet the criteria to be classified as held for sale under [draft] IPSAS [X] (ED 79).

Decision Required

12. Does the IPSASB agree with the recommendation?

Additional Disclosures for the Fair Value of Assets Measured at Carrying Amount

Question

1. Does the IPSASB agree with the proposed amendment to [draft] IPSAS [X] (ED 79), *Non-current Assets Held for Sale and Discontinued Operations*, to disclose the fair value of non-current assets classified as held for sale that are measured at carrying amount?

Recommendation

2. Staff and Board sponsor recommend including the proposed disclosure to ED 79 shown at paragraph 5 and the associated Basis for Conclusions paragraph shown at paragraph 7.

Background

3. This paper addresses the IPSASB instruction from the June 2020 meeting to develop a disclosure that requires the fair value of a non-current asset classified as held for sale but carried at a lower amount than fair value to be provided in the notes to the financial statements.

Analysis

4. Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. When non-current assets held for sale are measured at carrying amount lower than fair value, the fair value of those assets is not disclosed anywhere in the financial statements. It is possible that an asset's carrying amount and fair value can be materially different and the Board decided that in these circumstances, an entity should disclose, for accountability purposes, the fair value of the asset classified as held for sale.
5. IPSAS 17, *Property, Plant, and Equipment* paragraph 94 has a non-mandatory disclosure which encourages entities to disclose the fair value of property, plant, and equipment when the cost model is used. Staff and Board sponsor propose a mandatory disclosure similar to be included in ED 79 as paragraph 51(e). The proposed addition is shown in underlined text.

Additional Disclosures

51. An entity shall disclose the following information in the notes in the period in which a non-current asset (or disposal group) has been either classified as held for sale or sold:

(a) ...

...

(e) Where materially different, the fair value of the non-current asset (or disposal group) when that non-current asset (or disposal group) is measured at a lower carrying amount.

Proposed Basis for Conclusions

6. Staff and Board sponsor also propose the following Basis for Conclusions paragraph be included to explain the Board's decision for this disclosure that is additional to those required by IFRS 5, *Non-current Assets Classified as Held for Sale and Discontinued Operations*.

[BC11](#). The IPSASB decided that in the public sector transparency and accountability are important when an entity decides to sell non-current assets. Therefore, when an asset is classified as held for sale and measured at a carrying amount lower than fair value, disclosure of the asset's fair value in the notes to the financial statements provides users with information that holds decision makers accountable.

Decision Required

7. Does the IPSASB agree with the recommendation?

Use of Non-current Assets Held for Sale Accounting when a Fair Value cannot be determined

Question

1. Does the IPSASB agree that [draft] IPSAS [X] (ED 79), *Non-current Assets Held for Sale and Discontinued Operations* would still apply even if obtaining a fair value measurement is challenging?

Recommendation

2. Staff and Board sponsor recommend that ED 79 still be required to be applied in appropriate circumstances.

Background

3. This paper addresses the Board instruction to consider whether ED 79 would apply if obtaining the fair value of an asset was challenging.

Analysis

4. The IPSASB decided in June 2020 to retain the measurement requirements of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* as lower of carrying amount and fair value less costs to sell. The IPSASB also decided to include an additional disclosure for assets measured at a carrying amount lower than fair value, that requires the fair value of those assets to be disclosed.
5. Subsequently, an IPSASB member commented that it could be challenging to measure the asset at fair value. Staff and Board sponsor have discussed this issue. They concluded that, since one of the requirements for a non-current asset to be classified as held for sale is that it must be actively marketed at a price that is reasonable in relation to its fair value, then the entity understands what that asset is worth. If a fair value is impossible to obtain, such a sales transaction is outside the scope of ED 79.

Decision Required

6. Does the IPSASB agree with the recommendation?

Other Instructions from June 2020 IPSASB Meeting

Question

1. Does the IPSASB agree with the analysis and conclusions made for each instruction included in this agenda paper?

Recommendation

2. Staff and Board sponsor recommend that no further action is required in respect of the June 2020 meeting instructions addressed in this agenda paper.

Background

3. This paper responds to instructions to staff that arose from the June 2020 meeting that have not been addressed by a separate agenda paper.

Analysis

Guidance for Transferred Assets

4. The Board instructed staff to develop guidance, to be included in IPSAS 17, *Property, Plant, and Equipment* and IPSAS 31, *Intangible Assets* to address how to account for assets that are to be transferred to another public sector entity, both for individual assets and those assets that will be accounted for under IPSAS 40, *Public Sector Combinations*. The instruction also required staff to address how accumulated depreciation and impairment are treated and the measurement of the asset from the transferor's and transferee's perspective (e.g., net book value).
5. The issue arose when the Board discussed machinery of government changes. For example, moving one section of a government department into another government department does not alter the delivery of the public service, but does change the entity that is accountable for the assets and liabilities associated with delivering those services. Measurement difficulties can arise when assets and liabilities are on differing valuation cycles and/or methods. In such cases, some jurisdictions allow the receiving entity to recognize the transfer of assets and liabilities at the carrying amount (or net book value) that is derecognized by the other entity.
6. Staff and Board sponsor note that the principles for derecognition of assets are provided in IPSAS 17, paragraph 82-87 and IPSAS 31 paragraphs 111-116. In addition, IPSAS 40 provides the recognition principles for both amalgamations (paragraphs 19-39) and acquisitions (paragraphs 64-102).
7. Therefore, staff and Board sponsor consider that including application guidance on this issue is not appropriate because IPSAS guidance is not intended to address jurisdictional applications of IPSAS.
8. Staff and the Board sponsor recommend **no further action** on this instruction.

Linkages between IPSAS 16 and IPSAS 17 re Surplus Assets

9. The Board instructed staff to consider the linkages between IPSAS 16, *Investment Property*, and IPSAS 17 in relation to surplus assets. This instruction arose from a Board member comment requesting staff to check to see if there are additional disclosures in IPSAS 16 that might not be in IPSAS 17 regarding surplus assets.

10. IPSAS 16 applies to assets held as investment property, regardless of whether it is considered an idle asset or surplus to the entity's needs. Staff reviewed IPSAS 16 and did not identify any disclosures related to idle/surplus assets that should be included in IPSAS 17.
11. Staff and the Board sponsor recommend **no further action** on this instruction, (aside from the disclosures on surplus assets discussed at Agenda Item 8.2.1).

At a Glance – Transferred Assets and Scope of ED 79 Diagram

12. The Board instructed staff to:
 - (a) Ensure that the issue of 'transferred assets' is clearly articulated in the *At a Glance* document; and
 - (b) Develop a diagram which identifies which standard provides the guidance for various transactions relating to assets from acquisition to disposal.
13. The *At a Glance* is a staff document that forms part of the supplementary educational material issued in conjunction with consultation documents and new IPSAS. The *At a Glance* does not require Board approval. To give the Board an indication of how this instruction will be addressed, staff have drafted two pages to be included in the *At a Glance* that will be developed to be issued with [draft] IPSAS [X] (ED 79). These pages are [Appendix A](#) of this agenda paper.
14. Staff and Board sponsor recommend these pages (or similar) be included in the *At a Glance*.

Use of the phrase 'Commercial Transaction'

15. The Board instructed staff to consider whether the use of the phrase 'commercial transaction' is appropriate for this project.
16. Staff and Board sponsor note that the term 'commercial' is used extensively throughout the suite of IPSAS. For example, IPSAS 16 refers to public sector entities managing a government property portfolio on a commercial basis. IPSAS 17 also uses the phrases 'commercial substance' and 'commercial obsolescence'. The term 'commercial transaction' is used in IPSAS 41, *Financial Instruments* in reference to embedded derivatives.
17. Therefore, staff conclude that the use of the term 'commercial' in ED 79 is appropriate.
18. Staff and Board sponsor recommend **no further action** on this instruction.

Interactions with IPSAS 32, Service Concession Arrangements: Grantor

19. The Board instructed staff to consider any interactions with IPSAS 32, *Service Concession Arrangements: Grantor*.
20. A service concession arrangement is a binding arrangement between a grantor and an operator in which:
 - (a) The operator uses the service concession asset to provide a public service on behalf of the grantor for a specified period of time; and
 - (b) The operator is compensated for its services over the period of the service concession arrangement.

21. A service concession asset is an asset used to provide public services in a service concession arrangement that:
- (a) Is provided by the operator which:
 - (i) The operator constructs, develops, or acquires from a third party; or
 - (ii) Is an existing asset of the operator; or
 - (b) Is provided by the grantor which:
 - (i) Is an existing asset of the grantor; or
 - (ii) Is an upgrade to an existing asset of the grantor.
22. Paragraph 22(a), above indicates that the operator provides the service concession asset; as such, there is no interaction with ED 79. However, if a service concession asset is provided by the grantor (for the operator to use) as described in paragraph 22(b) the question arises as to whether the transfer of an asset from grantor to operator is deemed to be a sale within the scope of ED 79.
23. Staff and Board sponsor note that the purpose of a service concession arrangement is for an operator to deliver public services on behalf of the grantor. Even if the grantor provides the asset to the operator to use there is no intention by the grantor to sell that asset. Further, when the service concession arrangement ends the asset is transferred back to the grantor.
24. In addition, the grantor maintains control of the service concession asset because they regulate what services the operator must provide with the asset, to whom it must provide them, and at what price. If the operator makes these decisions, then the arrangement is unlikely to be a service concession arrangement.
25. Therefore, staff and Board sponsor conclude that because there is no intention by the grantor to sell the asset and the grantor maintains control of the asset there are no interactions between ED 79 and IPSAS 32 and recommend **no further action** on this instruction.

Linkages between IFRS 5 and IFRS 3

26. The Board instructed staff to ensure that the linkages between IFRS 5 and IFRS 3, *Business Combinations* regarding discontinued operations are maintained between ED 79 and IPSAS 40.
27. The question arose in relation to a situation where an entity sold part of its operations to another entity. The selling entity would apply ED 79 and the acquiring entity would apply IPSAS 40. The member wanted to ensure that no disclosures regarding discontinued operations would be lost as part of this alignment project.
28. IFRS 5 has comprehensive disclosure requirements on presenting discontinued operations. Due to this being an alignment project, all disclosures in IFRS 5 are included in ED 79 unless there is a public sector specific reason not to do so. Staff and Board sponsor have not identified any disclosures that will be removed.
29. As a result of this comparison of IFRS 5 and IFRS 3, staff has identified an amendment to the disclosure relating to goodwill included in disposal groups. An amendment to IPSAS 40, *Public Sector Combinations* is included in the Amendments to other IPSAS (Appendix B of [Agenda Item 8.3.1](#)).

30. Staff and Board sponsor recommend **no further action** on this instruction.

Decision Required

31. Does the IPSASB agree with the recommendation?

Appendix A



Scope of ED 79

ED 79 applies to non-current assets when they meet the criteria to be held for sale.

A key principle of ED 79 is that the carrying amount of the asset will be recovered principally through a sale transaction.

Criteria to be classified as held for sale

- Non-current assets must meet certain criteria to be classified as held for sale;
- The asset must be available for immediate sale;
- The sale must be highly probable;
- Management must be committed to the plan to sell;
- The asset must be marketed at a price reasonable in relation to its fair value; and
- The sale is expected to be completed within 12 months.



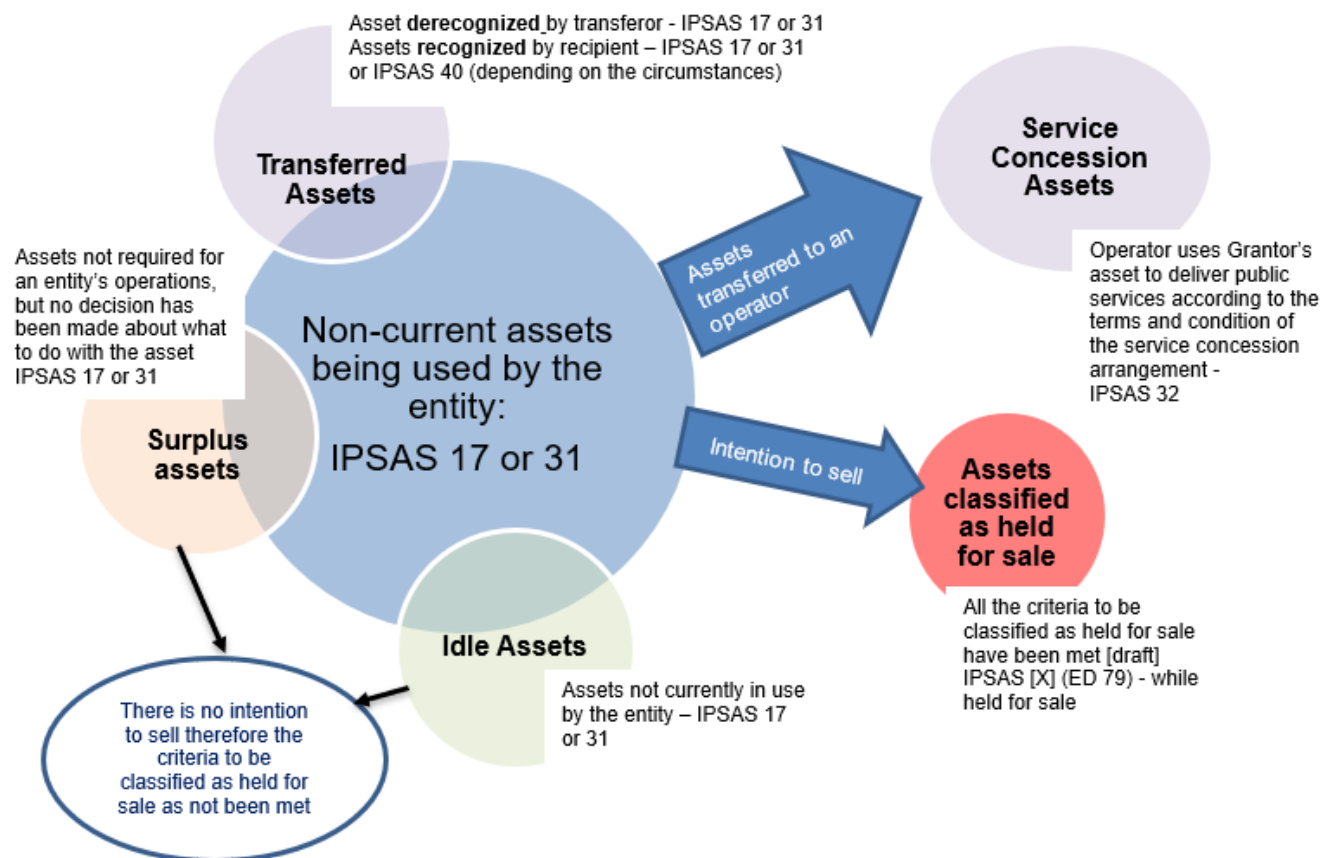
What about transferred assets?

For an asset to be classified as held for sale the must be probable that a sales transaction* will occur.

Public sector assets may be transferred to other public sector entities in transactions that are not considered exchange transactions. When assets are transferred in such a transaction there is no sales transaction. Therefore, such transactions are outside the scope of ED 79.

The criteria to be classified as held for sale must be met to be accounted for under ED 79.

*ED 79 considers that a sales transaction includes exchanges on non-current assets for other non-current assets when the exchange has commercial substance in accordance with IPSAS 17, *Property, Plant, and Equipment*.



Specific matter for Comment

Question

1. Does the IPSASB agree with the Specific Matter for Comment (SMC) proposed to be included in [draft] IPSAS [X] (ED 79), *Non-current Assets Held for Sale and Discontinued Operations*?

Recommendation

2. Staff and Board sponsor recommend including SMC 1 shown at paragraph 5.

Background

3. This paper addresses the Board instruction from June 2020 to develop a paper on which SMCs to include in ED 79 and why those SMCs were included.

Analysis

4. IPSASB policy for alignment projects is that an SMC is only required when there is a departure from the IFRS on which the IPSAS will be based. Therefore, because the only departure from IFRS 5, *Non-current Assets Classified as Held for Sale and Discontinued Operations* proposed for ED 79, *Non-current Assets Classified as Held for Sale* is the added disclosure for the fair value of assets measured at a carrying amount lower than fair value, the following SMC is proposed.

The IPSASB decided that there was no public sector specific reason to depart from the measurement requirements of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. However, the IPSASB considers that, where materially different, disclosures of the fair value of assets measured at a lower carrying amount would provide useful information to users of financial statements for accountability purposes.

The additional proposed disclosure is shown at paragraph 51(e) of this ED.

Do you agree with this disclosure proposal? If not, why not?

Decision Required

5. Does the IPSASB agree with the recommendation?

Exposure Draft Development – Amendments to other IPSAS

Question

1. Does the IPSASB approve the Amendments to other IPSAS, which is Appendix B in [draft] IPSAS [X] (ED 79), *Non-current Assets Held for Sale and Discontinued Operations*?

Recommendation

2. A thorough process was undertaken to identify all the necessary amendments to other IPSAS. Therefore, staff and Board sponsor recommend the IPSASB approve these amendments.

Background

3. This paper will:
 - (a) Provide detail of the process staff undertook when identifying and developing the Amendments to other IPSAS which is Appendix B of [Agenda Item 8.3.1](#); and
 - (b) Identify any proposed amendments that are substantial in nature.

Analysis

4. Part of the process to develop ED 79 is to identify any other IPSAS that would be affected by the issuance of an IPSAS arising from this ED.
5. To identify the amendments to other IPSAS, staff searched all IFRS, including guidance and illustrative examples, to find any relevant references that would indicate a need for a consequential amendment.
6. References were assessed to determine whether the text related to ED 79, (e.g., the phrase 'held for sale' can also relate to other assets, such as inventory). For relevant references, the equivalent paragraph was located in IPSAS and an amendment was included in Appendix B of [Agenda Item 8.3.1](#).
7. IPSAS were also searched for relevant terms. This identified references in IPSAS Basis for Conclusion paragraphs and the 'Comparison with ...' text boxes that accompany each IPSAS that has an equivalent IFRS. Text was assessed to determine if it needed amending. References assessed as requiring amendment are also included in [Appendix B](#) of [Agenda Item 8.3.1](#).
8. Therefore, all the relevant amendments arising from IFRS 5 that require to be reflected in IPSAS are included in the Amendment to other IPSAS which is Appendix B of ED 79.

Decision Required

9. Does the IPSASB agree with the recommendation?

Basis for Conclusions

Question

1. Does the IPSAS agree with the Basis for Conclusions paragraphs drafted for inclusion in [draft] IPSAS [X] (ED 79), *Non-current Assets Held for Sale and Discontinued Operations*?

Recommendation

2. Staff and Board sponsor recommend including the [Basis for Conclusions](#) paragraphs that are provided in [Agenda Item 8.3.1](#).

Background

3. This paper addresses the Board instruction to ensure that the Basis for Conclusions reflects the discussions and decisions made in relation to ED 79.

Analysis

4. The Basis for Conclusions paragraphs have been drafted and are included in ED 79.
5. The following table indicates whether a paragraph is a standard Basis for Conclusions paragraph, or whether it arises from an IPSAS decision or instruction.

BC Paragraph #	
BC1 – BC2	Standard BC paragraph
BC3	Standard BC paragraph and <u>Decision</u> - The Project Brief was approved.
BC4	<u>Decision</u> - The IFRS 5 title, <i>Non-current Assets Held for Sale and Discontinued Operations</i> should be retained for the project.
BC5 – BC10	<u>Decision</u> - The scope and measurement requirements of IFRS 5 should be retained.
BC11	<u>Decision</u> - The fair value of assets classified as held for sale should be added to the disclosure requirements. <u>Instruction</u> - Develop disclosures that require the fair value of an asset classified as held for sale to be provided in the notes to the accounts.

Decision Required

6. Does the IPSASB agree with the recommendation?

Public Sector Amendments to IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations* - Definitions

Question

1. Does the IPSASB agree with the decision to use the IPSAS 26, *Impairment of Cash-Generating Unit* definition of 'cash-generating unit' in [draft] IPSAS [X] (ED 79), *Non-current Assets Held for Sale and Discontinued Operations*.

Recommendation

2. Staff and Board sponsor recommend using the IPSAS 26 definition of a cash-generating unit.

Background

Definitions

3. Part of the process of amending IFRS 5 to develop ED 79 is reviewing the definitions in IFRS 5 for their use in the public sector. Staff and Board sponsor considered all the IFRS 5 definitions and concluded that the definition of cash-generating unit from IPSAS 26 should be used rather than the IFRS 5 definition. These two definitions are as follows:

IFRS 5	IPSAS 26
Cash-generating unit – The smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.	Cash-generating unit – The smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

4. Staff and Board sponsor note that the term cash-generating unit, as defined in IPSAS 26, is used extensively throughout IPSAS. Therefore, to maintain consistency within IPSAS, staff and Board sponsor propose that the IPSAS 26 definition replace the IFRS 5 definition.
5. Staff and Board sponsor also note that [draft] IPSAS [X] (ED 77), *Measurement* will introduce new definitions for 'fair value' and 'value in use'. Therefore, these definitions have been removed from the definitions list in ED 79 but are signposted to ED 77.

Public Sector Terminology and Formatting

6. For information only, Agenda [Item 8.3.2](#) provides details on terminology changes to suit the public sector and changes made to IFRS formatting to conform with IPSAS formatting.

Decision Required

7. Does the IPSASB agree with the recommendation?

Approval: ED 79, *Non-current Assets Held for Sale and Discontinued Operations*

Question

1. Does the IPSASB approve [draft] IPSAS [X] (ED 79), *Non-current Assets Held for Sale and Discontinued Operations* for exposure?

Recommendation

2. Staff and Board sponsor recommend that ED 79 be approved.

Exposure Period

1. This ED is scheduled to be issued as a package along with EDs 76-78.² Those EDs are scheduled for approval in December 2020. This ED is expected to be issued for comment in January 2021 together with EDs 76-78. Staff and Board sponsor recommend a normal 4-month comment period.

Decision Required

2. Does the IPSAS agree with the recommendation?

² ED 76, *Conceptual Framework—Limited Scope Update*
ED 77, *Measurement*
ED 78, *IPSAS 17 Update*

Review Instructions

ED 79 – *Non-current Assets Held for Sale and Discontinued Operations*

REVIEW INSTRUCTIONS FOR ED 79

1. IPSASB member, Technical Advisors, and Observers are asked to note the following when reviewing ED 79:
 - (a) Authoritative Text (Core Text, Application Guidance and Amendments to other IPSAS):
 - (i) Changes made to IFRS 5, *Non-current Assets Classified as Held for Sale and Discontinued Operations* and to amended IPSAS are shown in track changes;
 - (ii) As per the IPSASB convention, numbering of paragraphs is consecutive;
 - (iii) All paragraph cross-references have been updated to correspond with IPSAS paragraph numbers; and
 - (iv) [draft] IPSAS [X] (ED 79), *Non-current assets Held for Sale and Discontinued Operation* will be impacted by [draft] IPSAS [X] (ED 75), *Leases* and [draft] IPSAS [X] (ED 77), *Measurement*. Therefore, early adoption of [draft] IPSAS [X] (ED 79) also requires early adoption of [draft] IPSAS [X] (ED 75) and [draft] IPSAS [X] (ED 77).

Exposure Draft 79
[MTH] 2021
Comments due: [MTH] [DAY], 2021

IPSAS®

*Proposed International Public Sector Accounting
Standard®*

Non-current Assets Held for Sale and Discontinued Operations

This document was developed and approved by the International Public Sector Accounting Standards Board® (IPSASB®).

The objective of the IPSASB is to serve the public interest by setting high-quality public sector accounting standards and by facilitating the adoption and implementation of these, thereby enhancing the quality and consistency of practice throughout the world and strengthening the transparency and accountability of public sector finances.

In meeting this objective the IPSASB sets IPSAS® and Recommended Practice Guidelines (RPGs) for use by public sector entities, including national, regional, and local governments, and related governmental agencies.

IPSAS relate to the general purpose financial statements (financial statements) and are authoritative. RPGs are pronouncements that provide guidance on good practice in preparing general purpose financial reports (GPFRs) that are not financial statements. Unlike IPSAS RPGs do not establish requirements. Currently all pronouncements relating to GPFRs that are not financial statements are RPGs. RPGs do not provide guidance on the level of assurance (if any) to which information should be subjected.

The structures and processes that support the operations of the IPSASB are facilitated by the International Federation of Accountants® (IFAC®).

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REQUEST FOR COMMENTS

This Exposure Draft, *Accounting for Non-current Assets Held for Sale*, was developed and approved by the International Public Sector Accounting Standards Board® (IPSASB®).

The proposals in this Exposure Draft may be modified in light of comments received before being issued in final form. **Comments are requested by [MTH] [DAY], 2021.**

Respondents are asked to submit their comments electronically through the IPSASB website, using the [“Submit a Comment”](#) link. Please submit comments in both a PDF and Word file. Also, please note that first-time users must register to use this feature. All comments will be considered a matter of public record and will ultimately be posted on the website. This publication may be downloaded from the IPSASB website: www.ipsasb.org. The approved text is published in the English language.

Objective of the Exposure Draft

The objective of this Exposure Draft (ED) is to propose improvements to the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about non-current assets that are held for sale and discontinued operations.

Guide for Respondents

The IPSASB would welcome comments on all the matters discussed in this ED. Comments are most helpful if they indicate the specific paragraph or group of paragraphs to which they relate, contain a clear rationale and, where applicable, provide a suggestion for alternative wording.

The Specific Matter for Comment requested for the Exposure Draft is provided below.

Specific Matter for Comment

The IPSASB decided that there was no public sector specific reason to depart from the measurement requirements of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. However, the IPSASB considers that, where materially different, disclosures of the fair value of assets measured at a lower carrying amount would provide useful information to users of financial statements for accountability purposes.

The additional proposed disclosure is shown at paragraph 51(e) of this ED.

Do you agree with this disclosure proposal? If not, why not?

EXPOSURE DRAFT 79, NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

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Objective

1. The objective of this ~~IFRS-[draft] Standard~~ is to specify the accounting for assets held for sale, and the presentation and disclosure of *discontinued operations*. In particular, ~~the this IFRS-[draft] Standard~~ requires:
 - (a) ~~assets-Assets~~ that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell, and depreciation on such assets to cease; and
 - (b) ~~assets-Assets~~ that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of ~~comprehensive income-financial performance~~.

Scope

2. An entity that prepares and presents financial statements under the accrual basis of accounting shall apply this Standard in accounting for non-current assets held for sale and discontinued operations.
- 2.3. The classification and presentation requirements of this ~~IFRS-[draft] Standard~~ apply to all ~~recognised~~ recognized non-current assets³ and to all disposal groups of an entity. The measurement requirements of this ~~IFRS-[draft] Standard~~ apply to all ~~recognised-recognized~~ non-current assets and disposal groups (as set out in paragraph 5), except for those assets listed in paragraph 6 which shall continue to be measured in accordance with the Standard noted.
- 3.4. Assets classified as non-current in accordance with ~~IAS-IPSAS 1, Presentation of Financial Statements~~ shall not be reclassified as current assets until they meet the criteria to be classified as held for sale in accordance with this ~~IFRS[draft] Standard~~. Assets of a class that an entity would normally regard as non-current that are acquired exclusively with a view to resale shall not be classified as current unless they meet the criteria to be classified as held for sale in accordance with this ~~IFRS[draft] Standard~~.
- 4.5. Sometimes an entity disposes of a group of assets, possibly with some directly associated liabilities, together in a single transaction. Such a disposal group may be a group of cash-generating units, a single cash-generating unit, or part of a cash-generating unit⁴. The group may include any assets and any liabilities of the entity, including current assets, current liabilities and assets excluded by paragraph 6 from the measurement requirements of this ~~IFRS[draft] Standard~~. If a non-current asset within the scope of the measurement requirements of this ~~IFRS-[draft] Standard~~ is part of a disposal group, the measurement requirements of this ~~IFRS-[draft] Standard~~ apply to the group as a whole, so that the group is measured at the lower of its carrying amount and fair value less costs to sell. The

³ For assets classified according to a liquidity presentation, non-current assets are assets that include amounts expected to be recovered more than twelve months after the reporting period. Paragraph 4 applies to the classification of such assets.

⁴ However, once the cash flows from an asset or group of assets are expected to arise principally from sale rather than continuing use, they become less dependent on cash flows arising from other assets, and a disposal group that was part of a cash-generating unit becomes a separate cash-generating unit.

requirements for measuring the individual assets and liabilities within the disposal group are set out in paragraphs 26, 27 and 31.

5.6. The measurement provisions of this ~~IFRS [draft] Standard~~⁵ do not apply to the following assets, which are covered by the ~~IFRSs Standards~~ listed, either as individual assets or as part of a disposal group:

- (a) ~~Deferred tax assets (IAS 12 Income Taxes) within the scope of the relevant international or national accounting standard dealing with income taxes;~~
- (b) ~~assets Assets~~ arising from employee benefits (~~IAS IPSAS 3949 Employee Benefits~~);
- (c) ~~financial Financial~~ assets within the scope of ~~IFRS IPSAS 419 Financial Instruments~~;
- (d) ~~non Non~~-current assets that are accounted for in accordance with the fair value model in ~~IAS IPSAS 40-16 Investment Property~~;
- (e) ~~non Non~~-current assets that are measured at fair value less costs to sell in accordance with ~~IAS IPSAS 41-27 Agriculture and~~;
- (f) ~~groups Groups~~ of contracts within the scope of ~~IFRS 17 Insurance Contracts the relevant international or national accounting standard dealing with insurance contracts.~~

6.7. The classification, presentation and measurement requirements in this ~~IFRS [draft] Standard~~ applicable to a non-current asset (or disposal group) that is classified as held for sale apply also to a non-current asset (or disposal group) that is classified as held for distribution to owners acting in their capacity as owners (held for distribution to owners).

7.8. This ~~IFRS [draft] Standard~~ specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. Disclosures in other ~~IFRSs IPSAS~~ do not apply to such assets (or disposal groups) unless those ~~IFRSs IPSAS~~ require:

- (a) ~~specific Specific~~ disclosures in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations; or
- (b) ~~disclosures Disclosures~~ about measurement of assets and liabilities within a disposal group that are not within the scope of the measurement requirement of ~~IFRS 5 [draft] IPSAS [X] (ED 79)~~ and such disclosures are not already provided in the other notes to the financial statements.

Additional disclosures about non-current assets (or disposal groups) classified as held for sale or discontinued operations may be necessary to comply with the general requirements of ~~IAS 4 IPSAS 1~~, in particular paragraphs ~~45-27~~ and ~~125-140~~ of that Standard.

Definitions

8.9. The following terms are used in this [draft] Standard with the meanings specified:

A cash-generating unit is The the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

⁵ Other than paragraphs 26 and 27, which require the assets in question to be measured in accordance with other applicable IFRSs.

A component of an entity ~~is~~ Operations—operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the entity.

Costs to sell ~~are~~ The—the incremental costs directly attributable to the disposal of an asset (or disposal group), excluding finance costs and income tax expense.

An entity shall classify an asset as a current asset ~~An entity shall classify an asset as current~~ when:

- (a) it expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- (b) it holds the asset primarily for the purpose of trading;
- (c) it expects to realize the asset within twelve months after the reporting period; or
- (d) the asset is cash or a cash equivalent (as defined in IAS—IPSAS 12, Cash Flow Statements) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A discontinued operation ~~is~~ A—a component of an entity that either has been disposed of or is classified as held for sale and:

- (a) ~~represents—Represents~~ a separate major line of business or geographical area of operations; ~~or~~
- (b) ~~is—Is~~ part of a single ~~co-ordinated~~ coordinated plan to dispose of a separate major line of ~~business—operations~~ or geographical area of operations; ~~or~~
- (c) ~~is—Is~~ a ~~subsidiary—controlled entity~~ acquired exclusively with a view to resale.

A disposal group ~~is~~ A—a group of assets to be disposed of, by sale or otherwise, together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction. The group includes goodwill acquired in a business combination if the group is a cash-generating unit to which goodwill has been allocated in accordance with the requirements of paragraphs ~~8090A—87—90H~~ of IAS—36IPSAS 26, Impairment of Cash-Generating Assets (as revised in 2004) or if it is an operation within such a cash-generating unit.

~~Fair value—Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. (See IFRS 13.)~~

A firm purchase commitment ~~is~~ An—an agreement with an unrelated party, binding on both parties and usually legally enforceable, that (a) specifies all significant terms, including the price and timing of the transactions, and (b) includes a disincentive for non-performance that is sufficiently large to make performance highly probable.

Highly probable ~~means~~ Significantly—significantly more likely than probable.

A non-current asset ~~is~~ An—an asset that does not meet the definition of a current asset.

Probable ~~means~~ More—more likely than not.

Recoverable amount ~~is~~ The—the higher of an asset's fair value less costs of disposal and its value in use.

~~Value in use The present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.~~

~~Terms defined in other IPSAS are used in this [draft] Standard with the same meaning as in those Standards and are reproduced in the *Glossary of Defined Terms* published separately.~~

~~10. The following terms are defined in [draft] IPSAS [X] (ED 77), *Measurement* and are used in this [draft] Standard with the same meaning as in [draft] IPSAS [X] (ED 77):~~

~~(a) Fair value; and~~

~~(b) Value in use~~

Classification of non-current assets (or disposal groups) as held for sale or as held for distribution to owners

~~9.11.~~ **An entity shall classify a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.**

~~10.12.~~ For this to be the case, the asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale must be highly probable.

~~11.13.~~ For the sale to be highly probable, the appropriate level of management must be committed to a plan to sell the asset (or disposal group), and an active programme to locate a buyer and complete the plan must have been initiated. Further, the asset (or disposal group) must be actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification, except as permitted by paragraph 15, and actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. The probability of ~~shareholders' owners'~~ approval (if required in the jurisdiction) should be considered as part of the assessment of whether the sale is highly probable.

~~12.14.~~ An entity that is committed to a sale plan involving loss of control of a ~~subsidiary-controlled entity~~ shall classify all the assets and liabilities of that ~~subsidiary-controlled entity~~ as held for sale when the criteria set out in paragraphs 11–13 are met, regardless of whether the entity will retain a non-controlling interest in its former ~~subsidiary-controlled entity~~ after the sale.

~~13.15.~~ Events or circumstances may extend the period to complete the sale beyond one year. An extension of the period required to complete a sale does not preclude an asset (or disposal group) from being classified as held for sale if the delay is caused by events or circumstances beyond the entity's control and there is sufficient evidence that the entity remains committed to its plan to sell the asset (or disposal group). This will be the case when the criteria in Appendix ~~B-A~~ are met.

~~14.16.~~ Sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance in accordance with ~~IAS 16~~ IPSAS 17, Property, Plant, and Equipment.

~~15.17.~~ When an entity acquires a non-current asset (or disposal group) exclusively with a view to its subsequent disposal, it shall classify the non-current asset (or disposal group) as held for sale at the acquisition date only if the one-year requirement in paragraph 13 is met (except as permitted by paragraph 15) and it is highly probable that any other criteria in paragraphs 12 and 13 that are not

met at that date will be met within a short period following the acquisition (usually within three months).

16.18. If the criteria in paragraphs 12 and 13 are met after the reporting period, an entity shall not classify a non-current asset (or disposal group) as held for sale in those financial statements when issued. However, when those criteria are met after the reporting period but before the ~~authorisation~~authorization of the financial statements for issue, the entity shall disclose the information specified in paragraph 51(a), (b) and (d) in the notes.

17.19. A non-current asset (or disposal group) is classified as held for distribution to owners when the entity is committed to distribute the asset (or disposal group) to the owners. For this to be the case, the assets must be available for immediate distribution in their present condition and the distribution must be highly probable. For the distribution to be highly probable, actions to complete the distribution must have been initiated and should be expected to be completed within one year from the date of classification. Actions required to complete the distribution should indicate that it is unlikely that significant changes to the distribution will be made or that the distribution will be withdrawn. The probability of ~~shareholders'~~owners' approval (if required in the jurisdiction) should be considered as part of the assessment of whether the distribution is highly probable.

Non-current assets that are to be abandoned

18.20. An entity shall not classify as held for sale a non-current asset (or disposal group) that is to be abandoned. This is because its carrying amount will be recovered principally through continuing use. However, if the disposal group to be abandoned meets the criteria in paragraph 41(a)–(c), the entity shall present the results and cash flows of the disposal group as discontinued operations in accordance with paragraphs 42 and 43 at the date on which it ceases to be used. Non-current assets (or disposal groups) to be abandoned include non-current assets (or disposal groups) that are to be used to the end of their economic life and non-current assets (or disposal groups) that are to be closed rather than sold.

19.21. An entity shall not account for a non-current asset that has been temporarily taken out of use as if it had been abandoned.

Measurement of non-current assets (or disposal groups) classified as held for sale

Measurement of a non-current asset (or disposal group)

20.22. An entity shall measure a non-current asset (or disposal group) classified as held for sale at the lower of its carrying amount and fair value less costs to sell.

21.23. An entity shall measure a non-current asset (or disposal group) classified as held for distribution to owners at the lower of its carrying amount and fair value less costs to distribute.⁶

22.24. If a newly acquired asset (or disposal group) meets the criteria to be classified as held for sale (see paragraph 17), applying paragraph 22 will result in the asset (or disposal group) being measured on initial recognition at the lower of its carrying amount had it not been so classified (for example,

⁶ Costs to distribute are the incremental costs directly attributable to the distribution, excluding finance costs and income tax expense.

cost) and fair value less costs to sell. Hence, if the asset (or disposal group) is acquired as part of a ~~business-public sector~~ combination, it shall be measured at fair value less costs to sell.

~~23.25.~~ When the sale is expected to occur beyond one year, the entity shall measure the costs to sell at their present value. Any increase in the present value of the costs to sell that arises from the passage of time shall be presented in ~~profit or loss~~ surplus or deficit as a financing cost.

~~24.26.~~ Immediately before the initial classification of the asset (or disposal group) as held for sale, the carrying amounts of the asset (or all the assets and liabilities in the group) shall be measured in accordance with applicable ~~IFRSs~~ IPSAS.

~~25.27.~~ On subsequent remeasurement of a disposal group, the carrying amounts of any assets and liabilities that are not within the scope of the measurement requirements of this ~~IFRS Standard~~, but are included in a disposal group classified as held for sale, shall be remeasured in accordance with applicable ~~IFRSs~~ IPSAS before the fair value less costs to sell of the disposal group is remeasured.

Recognition of impairment losses and reversals

~~26.28.~~ An entity shall ~~recognise~~ recognize an impairment loss for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell, to the extent that it has not been ~~recognised~~ recognized in accordance with paragraph 27.

~~27.29.~~ An entity shall ~~recognise~~ recognize a gain for any subsequent increase in fair value less costs to sell of an asset, but not in excess of the cumulative impairment loss that has been ~~recognised~~ recognized either in accordance with this ~~IFRS Standard~~ or previously in accordance with ~~IAS 36~~ IPSAS 21 *Impairment of Non-Cash-Generating Assets* and IPSAS 26, Impairment of Cash-Generating Assets.

~~28.30.~~ An entity shall ~~recognise~~ recognize a gain for any subsequent increase in fair value less costs to sell of a disposal group:

- (a) ~~To~~ to the extent that it has not been ~~recognised~~ recognized in accordance with paragraph 27; but
- (b) ~~not~~ Not in excess of the cumulative impairment loss that has been ~~recognised~~ recognized, either in accordance with this ~~IFRS Standard~~ or previously in accordance with ~~IAS 36~~ IPSAS 21 and IPSAS 26, on the non-current assets that are within the scope of the measurement requirements of this ~~IFRS Standard~~.

~~29.31.~~ The impairment loss (or any subsequent gain) ~~recognised~~ recognized for a disposal group shall reduce (or increase) the carrying amount of the non-current assets in the group that are within the scope of the measurement requirements of this ~~IFRS Standard~~, in the order of allocation set out in paragraphs ~~40~~ 49 (a) and (b) and ~~122-110~~ of ~~IAS 36~~ IPSAS 26 ~~(as revised in 2004)~~.

~~30.32.~~ A gain or loss not previously ~~recognised~~ recognized by the date of the sale of a non-current asset (or disposal group) shall be ~~recognised~~ recognized at the date of derecognition. Requirements relating to derecognition are set out in:

- (a) ~~Paragraphs 67~~ Paragraphs 72-87 of ~~IAS 16~~ IPSAS 17 ~~(as revised in 2003)~~ for property, plant, and equipment; and
- (b) ~~Paragraphs 41~~ Paragraphs 111-117 of ~~IAS 38~~ IPSAS 31 *Intangible Assets* ~~(as revised in 2004)~~ for intangible assets.

~~34.33.~~ An entity shall not depreciate (or ~~amortise~~~~amortize~~) a non-current asset while it is classified as held for sale or while it is part of a disposal group classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale shall continue to be ~~recognised~~~~recognized~~.

Changes to a plan of sale or to a plan of distribution to owners

~~32.34.~~ If an entity has classified an asset (or disposal group) as held for sale or as held for distribution to owners, but the criteria in paragraphs 12–15 (for held for sale) or in paragraph 19 (for held for distribution to owners) are no longer met, the entity shall cease to classify the asset (or disposal group) as held for sale or held for distribution to owners (respectively). In such cases an entity shall follow the guidance in paragraphs 36–38 to account for this change except when paragraph 35 applies.

~~33.35.~~ If an entity reclassifies an asset (or disposal group) directly from being held for sale to being held for distribution to owners, or directly from being held for distribution to owners to being held for sale, then the change in classification is considered a continuation of the original plan of disposal. The entity:

- (a) ~~shall~~~~Shall~~ not follow the guidance in paragraphs 36–38 to account for this change. The entity shall apply the classification, presentation and measurement requirements in this ~~IFRS~~ ~~Standard~~ that are applicable to the new method of disposal.
- (b) ~~shall~~~~Shall~~ measure the non-current asset (or disposal group) by following the requirements in paragraph 22 (if reclassified as held for sale) or 23 (if reclassified as held for distribution to owners) and ~~recognise~~~~recognize~~ any reduction or increase in the fair value less costs to sell/costs to distribute of the non-current asset (or disposal group) by following the requirements in paragraphs 28–33.
- (c) ~~shall~~~~Shall~~ not change the date of classification in accordance with paragraphs 13 and 19. This does not preclude an extension of the period required to complete a sale or a distribution to owners if the conditions in paragraph 9 are met.

~~34.36.~~ The entity shall measure a non-current asset (or disposal group) that ceases to be classified as held for sale or as held for distribution to owners (or ceases to be included in a disposal group classified as held for sale or as held for distribution to owners) at the lower of:

- (a) ~~its~~~~Its~~ carrying amount before the asset (or disposal group) was classified as held for sale or as held for distribution to owners, adjusted for any depreciation, ~~amortisation~~~~amortization~~ or revaluations that would have been ~~recognised~~~~recognized~~ had the asset (or disposal group) not been classified as held for sale or as held for distribution to owners~~;~~~~;~~ and
- (b) ~~its~~~~Its~~ recoverable amount at the date of the subsequent decision not to sell or distribute.⁷

~~35.37.~~ The entity shall include any required adjustment to the carrying amount of a non-current asset that ceases to be classified as held for sale or as held for distribution to owners in ~~profit or loss~~~~surplus~~

⁷ If the non-current asset is part of a cash-generating unit, its recoverable amount is the carrying amount that would have been ~~recognised~~~~recognized~~ after the allocation of any impairment loss arising on that cash-generating unit in accordance with IAS 36~~IPSAS 26~~.

~~or deficit~~⁸ from continuing operations in the period in which the criteria in paragraphs 12–15 or 19, respectively, are no longer met. Financial statements for the periods since classification as held for sale or as held for distribution to owners shall be amended accordingly if the disposal group or non-current asset that ceases to be classified as held for sale or as held for distribution to owners is a ~~subsidiary-controlled entity~~, joint operation, joint venture, associate, or a portion of an interest in a joint venture or an associate. The entity shall present that adjustment in the same caption in the statement of ~~comprehensive income~~financial performance used to present a gain or loss, if any, ~~recognised~~recognized in accordance with paragraph 47.

~~36.38.~~ 38. If an entity removes an individual asset or liability from a disposal group classified as held for sale, the remaining assets and liabilities of the disposal group to be sold shall continue to be measured as a group only if the group meets the criteria in paragraphs 12–15. If an entity removes an individual asset or liability from a disposal group classified as held for distribution to owners, the remaining assets and liabilities of the disposal group to be distributed shall continue to be measured as a group only if the group meets the criteria in paragraph 19. Otherwise, the remaining non-current assets of the group that individually meet the criteria to be classified as held for sale (or as held for distribution to owners) shall be measured individually at the lower of their carrying amounts and fair values less costs to sell (or costs to distribute) at that date. Any non-current assets that do not meet the criteria for held for sale shall cease to be classified as held for sale in accordance with paragraph 34. Any non-current assets that do not meet the criteria for held for distribution to owners shall cease to be classified as held for distribution to owners in accordance with paragraph 34.

Presentation and disclosure

~~37.39.~~ 39. An entity shall present and disclose information that enables users of the financial statements to evaluate the financial effects of discontinued operations and disposals of non-current assets (or disposal groups).

Presenting discontinued operations

~~38.40.~~ 40. A component of an entity comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the entity. In other words, a component of an entity will have been a cash-generating unit or a group of cash-generating units while being held for use.

~~39.41.~~ 41. A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and

- (a) ~~represents~~Represents a separate major line of ~~business operations~~ or geographical area of operations;¹
- (b) ~~is~~Is part of a single ~~co-ordinated~~coordinated plan to dispose of a separate major line of ~~business operations~~ or geographical area of operations;² or
- (c) ~~is~~Is a ~~subsidiary-controlled entity~~ acquired exclusively with a view to resale.

⁸ Unless the asset is property, plant and equipment or an intangible asset that had been revalued in accordance with ~~IAS 16~~IPSAS 17 or ~~IAS 38~~IPSAS 31 before classification as held for sale, in which case the adjustment shall be treated as a revaluation increase or decrease.

~~40-42.~~ An entity shall disclose:

- (a) ~~a~~ A single amount in the statement of ~~comprehensive income~~ financial performance comprising the total of:
 - (i) ~~the~~ The post-tax ~~profit or loss~~ surplus or deficit of discontinued operations; and
 - (ii) ~~the~~ The post-tax gain or loss ~~recognised~~ recognized on the measurement to fair value less costs to sell or on the disposal of the assets or disposal group(s) constituting the discontinued operation.
- (b) ~~an~~ An analysis of the single amount in (a) into:
 - (i) ~~the~~ The revenue, expenses and pre-tax ~~profit or loss~~ surplus or deficit of discontinued operations;
 - (ii) ~~the~~ The related income tax expense as required ~~by paragraph 81(h) of IAS 12~~ the relevant international or national accounting standard dealing with income taxes.
 - (iii) ~~the~~ The gain or loss ~~recognised~~ recognized on the measurement to fair value less costs to sell or on the disposal of the assets or disposal group(s) constituting the discontinued operation; and
 - (iv) ~~the~~ The related income tax expense as required ~~by paragraph 81(h) of IAS 12~~ the relevant international or national accounting standard dealing with income taxes.

The analysis may be presented in the notes or in the statement of ~~comprehensive income~~ financial performance. If it is presented in the statement of ~~comprehensive income~~ financial performance it shall be presented in a section identified as relating to discontinued operations, i.e., separately from continuing operations. The analysis is not required for disposal groups that are newly acquired ~~subsidiaries controlled entities~~ that meet the criteria to be classified as held for sale on acquisition (see paragraph 17).

- (c) ~~the~~ The net cash flows attributable to the operating, investing and financing activities of discontinued operations. These disclosures may be presented either in the notes or in the financial statements. These disclosures are not required for disposal groups that are newly acquired ~~subsidiaries controlled entities~~ that meet the criteria to be classified as held for sale on acquisition (see paragraph 17).
- (d) ~~the~~ The amount of ~~income~~ revenue from continuing operations and from discontinued operations attributable to owners of the parent. These disclosures may be presented either in the notes or in the statement of ~~comprehensive income~~ financial performance.

~~41. If an entity presents the items of profit or loss in a separate statement as described in paragraph 10A of IAS 1 (as amended in 2011), a section identified as relating to discontinued operations is presented in that statement.~~

~~42-43.~~ An entity shall re-present the disclosures in paragraph 42 for prior periods presented in the financial statements so that the disclosures relate to all operations that have been discontinued by the end of the reporting period for the latest period presented.

~~43-44.~~ Adjustments in the current period to amounts previously presented in discontinued operations that are directly related to the disposal of a discontinued operation in a prior period shall be classified separately in discontinued operations. The nature and amount of such adjustments shall be disclosed. Examples of circumstances in which these adjustments may arise include the following:

- (a) ~~the~~The resolution of uncertainties that arise from the terms of the disposal transaction, such as the resolution of purchase price adjustments and indemnification issues with the purchaser.
- (b) ~~the~~The resolution of uncertainties that arise from and are directly related to the operations of the component before its disposal, such as environmental and product warranty obligations retained by the seller.
- (c) ~~the~~The settlement of employee benefit plan obligations, provided that the settlement is directly related to the disposal transaction.

44.45. If an entity ceases to classify a component of an entity as held for sale, the results of operations of the component previously presented in discontinued operations in accordance with paragraphs 42–44 shall be reclassified and included in ~~income~~revenue from continuing operations for all periods presented. The amounts for prior periods shall be described as having been re-presented.

45.46. An entity that is committed to a sale plan involving loss of control of a ~~subsidiary-controlled entity~~ shall disclose the information required in paragraphs 42–45 when the ~~subsidiary-controlled entity~~ is a disposal group that meets the definition of a discontinued operation in accordance with paragraph 41.

Gains or losses relating to continuing operations

46.47. Any gain or loss on the remeasurement of a non-current asset (or disposal group) classified as held for sale that does not meet the definition of a discontinued operation shall be included in ~~profit or loss~~surplus or deficit from continuing operations.

Presentation of a non-current asset or disposal group classified as held for sale

47.48. An entity shall present a non-current asset classified as held for sale and the assets of a disposal group classified as held for sale separately from other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale shall be presented separately from other liabilities in the statement of financial position. Those assets and liabilities shall not be offset and presented as a single amount. The major classes of assets and liabilities classified as held for sale shall be separately disclosed either in the statement of financial position or in the notes, except as permitted by paragraph 49. An entity shall present separately any cumulative ~~income~~revenue or expense recognized in ~~other comprehensive income~~the statement of net assets/equity relating to a non-current asset (or disposal group) classified as held for sale.

48.49. If the disposal group is a newly acquired ~~subsidiary-controlled entity~~ that meets the criteria to be classified as held for sale on acquisition (see paragraph 17), disclosure of the major classes of assets and liabilities is not required.

49.50. An entity shall not reclassify or re-present amounts presented for non-current assets or for the assets and liabilities of disposal groups classified as held for sale in the statements of financial position for prior periods to reflect the classification in the statement of financial position for the latest period presented.

Additional disclosures

50.51. An entity shall disclose the following information in the notes in the period in which a non-current asset (or disposal group) has been either classified as held for sale or sold:

- (a) ~~a~~A description of the non-current asset (or disposal group);

- (b) ~~a~~ description of the facts and circumstances of the sale, or leading to the expected disposal, and the expected manner and timing of that disposal;
- (c) ~~the~~ The gain or loss ~~recognised~~ recognized in accordance with paragraphs 28–30 and, if not separately presented in the statement of ~~comprehensive income~~ financial performance, the caption in the statement of ~~comprehensive income~~ financial performance that includes that gain or loss;
- (d) ~~if~~ If applicable, the reportable segment in which the non-current asset (or disposal group) is presented in accordance with ~~IFRS 8 Operating Segments~~ IPSAS 18, Segment Reporting; and
- ~~(d)~~ (e) Where materially different, the fair value of the non-current asset (or disposal group) when that non-current asset (or disposal group) is measured at a lower carrying amount.

~~51.52.~~ If either paragraph 34 or paragraph 38 applies, an entity shall disclose, in the period of the decision to change the plan to sell the non-current asset (or disposal group), a description of the facts and circumstances leading to the decision and the effect of the decision on the results of operations for the period and any prior periods presented.

Transitional provisions **Effective Date and Transition**

Effective Date

- 53. An entity shall apply this [draft] Standard for annual financial statements beginning on or after MM DD, YYYY. Earlier application is encouraged. If an entity applies this [draft] Standard for a period beginning before MM DD, YYYY, it shall disclose that fact and apply [draft] IPSAS [X], (ED 75) Leases, and [draft] IPSAS [X] (ED 77), Measurement at the same time.
- 54. When an entity adopts the accrual basis of IPSAS of accounting as defined in IPSAS 33, *First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs)* for financial reporting purposes subsequent to this effective date, this [draft] Standard applies to the entity's annual financial statements covering periods beginning on or after the date of adoption of IPSAS.

Transition

- ~~52.55.~~ The IFRS This Standard shall be applied prospectively to non-current assets (or disposal groups) that meet the criteria to be classified as held for sale and operations that meet the criteria to be classified as discontinued after the effective date of ~~the this [draft] IFRS~~ Standard. An entity may apply the requirements of ~~the this [draft] IFRS~~ Standard to all non-current assets (or disposal groups) that meet the criteria to be classified as held for sale and operations that meet the criteria to be classified as discontinued after any date before the effective date of ~~the this [draft] IFRS~~ Standard, provided the valuations and other information needed to apply ~~the this [draft] IFRS~~ Standard were obtained at the time those criteria were originally met.

Effective date

- ~~53.~~ An entity shall apply this IFRS for annual periods beginning on or after 1 January 2005. Earlier application is encouraged. If an entity applies the IFRS for a period beginning before 1 January 2005, it shall disclose that fact.
- ~~54.~~ IAS 1 (as revised in 2007) amended the terminology used throughout IFRSs. In addition it amended paragraphs 3 and 38, and added paragraph 33A. An entity shall apply those amendments for annual

~~periods beginning on or after 1 January 2009. If an entity applies IAS 1 (revised 2007) for an earlier period, the amendments shall be applied for that earlier period.~~

- ~~55. IAS 27 *Consolidated and Separate Financial Statements* (as amended in 2008) added paragraph 33(d). An entity shall apply that amendment for annual periods beginning on or after 1 July 2009. If an entity applies IAS 27 (amended 2008) for an earlier period, the amendment shall be applied for that earlier period. The amendment shall be applied retrospectively.~~
- ~~56. Paragraphs 8A and 36A were added by *Improvements to IFRSs* issued in May 2008. An entity shall apply those amendments for annual periods beginning on or after 1 July 2009. Earlier application is permitted. However, an entity shall not apply the amendments for annual periods beginning before 1 July 2009 unless it also applies IAS 27 (as amended in January 2008). If an entity applies the amendments before 1 July 2009 it shall disclose that fact. An entity shall apply the amendments prospectively from the date at which it first applied IFRS 5, subject to the transitional provisions in paragraph 45 of IAS 27 (amended January 2008).~~
- ~~57. Paragraphs 5A, 12A and 15A were added and paragraph 8 was amended by IFRIC 17 *Distributions of Non-cash Assets to Owners* in November 2008. Those amendments shall be applied prospectively to non-current assets (or disposal groups) that are classified as held for distribution to owners in annual periods beginning on or after 1 July 2009. Retrospective application is not permitted. Earlier application is permitted. If an entity applies the amendments for a period beginning before 1 July 2009 it shall disclose that fact and also apply IFRS 3 *Business Combinations* (as revised in 2008), IAS 27 (as amended in January 2008) and IFRIC 17.~~
- ~~58. Paragraph 5B was added by *Improvements to IFRSs* issued in April 2009. An entity shall apply that amendment prospectively for annual periods beginning on or after 1 January 2010. Earlier application is permitted. If an entity applies the amendment for an earlier period it shall disclose that fact.~~
- ~~59. [Deleted]~~
- ~~60. IFRS 11 *Joint Arrangements*, issued in May 2011, amended paragraph 28. An entity shall apply that amendment when it applies IFRS 11.~~
- ~~61. IFRS 13 *Fair Value Measurement*, issued in May 2011, amended the definition of fair value and the definition of recoverable amount in Appendix A. An entity shall apply those amendments when it applies IFRS 13.~~
- ~~62. *Presentation of Items of Other Comprehensive Income* (Amendments to IAS 1), issued in June 2011, amended paragraph 33A. An entity shall apply that amendment when it applies IAS 1 as amended in June 2011.~~
- ~~63. [Deleted]~~
- ~~64. IFRS 9, as issued in July 2014, amended paragraph 5 and deleted paragraphs 44F and 44J. An entity shall apply those amendments when it applies IFRS 9.~~
- ~~65. *Annual Improvements to IFRSs 2012–2014 Cycle*, issued in September 2014, amended paragraphs 26–29 and added paragraph 26A. An entity shall apply those amendments prospectively in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* to changes in a method of disposal that occur in annual periods beginning on or after 1 January 2016. Earlier application is permitted. If an entity applies those amendments for an earlier period it shall disclose that fact.~~

~~66. IFRS 17, issued in May 2017, amended paragraph 5. An entity shall apply that amendment when it applies IFRS 17.~~

Withdrawal of IAS 35

~~This IFRS supersedes IAS 35 *Discontinuing Operations*.~~

Application ~~supplement~~ **Guidance**

This appendix is an integral part of ~~the IFRS~~ [draft] IPSAS [X] (ED 79)

Extension of the period required to complete a sale

AG1.B1 As noted in paragraph 15, an extension of the period required to complete a sale does not preclude an asset (or disposal group) from being classified as held for sale if the delay is caused by events or circumstances beyond the entity's control and there is sufficient evidence that the entity remains committed to its plan to sell the asset (or disposal group). An exception to the one-year requirement in paragraph 13 shall therefore apply in the following situations in which such events or circumstances arise:

- (a) ~~at~~ **At** ~~the date an entity commits itself to a plan to sell a non-current asset (or disposal group) it reasonably expects that others (not a buyer) will impose conditions on the transfer of the asset (or disposal group) that will extend the period required to complete the sale, and:~~
 - (i) ~~actions~~ **Actions** necessary to respond to those conditions cannot be initiated until after a firm purchase commitment is obtained, and
 - (ii) ~~a~~ **A** firm purchase commitment is highly probable within one year.
- (b) ~~an~~ **An** ~~entity obtains a firm purchase commitment and, as a result, a buyer or others unexpectedly impose conditions on the transfer of a non-current asset (or disposal group) previously classified as held for sale that will extend the period required to complete the sale, and:~~
 - (i) ~~timely~~ **Timely** actions necessary to respond to the conditions have been taken; ¹⁷ and
 - (ii) ~~a~~ **A** ~~favourable~~ **favourable** resolution of the delaying factors is expected.
- (c) ~~during~~ **During** ~~the initial one-year period, circumstances arise that were previously considered unlikely and, as a result, a non-current asset (or disposal group) previously classified as held for sale is not sold by the end of that period, and:~~
 - (i) ~~during~~ **During** the initial one-year period the entity took action necessary to respond to the change in circumstances; ¹⁷
 - (ii) ~~the~~ **The** non-current asset (or disposal group) is being actively marketed at a price that is reasonable, given the change in circumstances; ¹⁷ and
 - (iii) ~~the~~ **The** criteria in paragraphs 12 and 13 are met.

Amendments to other ~~IFRSs~~ IPSAS

Amendments to IPSAS 1, *Presentation of Financial Statements*

Paragraphs 88, 102 and 107 are amended, paragraph 153Q is added. New text is underlined, and deleted text is struck through.

...

Statement of Financial Position

...

Information to be Presented on the Face of the Statement of Financial Position

88. **As a minimum, the face of the statement of financial position shall include line items that present the following amounts:**

(a) **Property, plant, and equipment;**

...

(n) **Non-controlling interest, presented within net assets/equity; and**

(o) **Net assets/equity attributable to owners of the controlling entity;**

(p) **The total of assets classified as held for sale and assets included in disposal groups classified as held for sale in accordance with [draft] IPSAS [X] (ED 79), *Non-current Assets Held for Sale and Discontinued Operations*; and**

(q) **Liabilities included in disposal groups classified as held for sale in accordance with [draft] IPSAS [X] (ED 79).**

...

Statement of Financial Performance

Surplus or Deficit for the Period

...

Information to be Presented on the Face of the Statement Financial Performance

102. **As a minimum, the face of the statement of financial performance shall include line items that present the following amounts for the period:**

(a) **Revenue, presenting separately:**

(i) **Interest revenue calculated using the effective interest method; and**

(ii) **Gains and losses arising from the derecognition of financial assets measured at amortized cost;**

...

- (d) ~~[deleted]~~ **Pre-tax gain or loss recognized on the disposal of assets or settlement of liabilities attributable to discontinuing operations; and**
- (e) **Surplus or deficit; and**
- (f) **a single amount for the total of discontinued operations (see [draft] IPSAS [X] (ED 79)).**

...

Information to be Presented either on the Face of the Statement of Financial Performance or in the Notes

...

107. Circumstances that would give rise to the separate disclosure of items of revenue and expense include:

- (a) Write-downs of inventories to net realizable value or of property, plant, and equipment to recoverable amount or recoverable service amount as appropriate, as well as reversals of such write-downs;

...

- (e) ~~Discontinuing~~ **Discontinued** operations;

...

Effective Date

...

153Q. Paragraphs 88, 102 and 107 were amended by [draft] IPSAS [X] (ED 79) issued in [Month] [Year]. An entity shall apply this amendment for annual financial statements covering periods beginning on or after [Month] [Day] [Year]. Earlier application is encouraged. If an entity applies the amendments for a period beginning before [Month] [Day] [Year] it shall disclosure that fact and apply [draft] IPSAS [X] (ED 79) at the same time.

...

Implementation Guidance

This guidance accompanies, but is not part of, IPSAS 1.

Illustrative Financial Statement Structure

...

Public Sector Entity—Statement of Accounting Policies (Extract)

...

Public Sector Entity—Statement of Financial Performance for the Year Ended December 31, 20X2

(Illustrating the Classification of Expenses by Function)

(in thousands of currency units)

	20X2	20X1
Revenue		
Taxes	X	X
...		
Total revenue	<u>X</u>	<u>X</u>
Expenses		
General public services	(X)	(X)
...		
Total expenses	<u>(X)</u>	<u>(X)</u>
Share of surplus of associates ⁹	<u>X</u>	<u>X</u>
<u>Surplus/(deficit) for the period from continuing operations</u>	<u>X</u>	<u>X</u>
<u>Loss for the period from discontinued operations</u>	<u>(X)</u>	<u>(X)</u>
Surplus/(deficit) for the period	<u>X</u>	<u>X</u>
Attributable to:		
Owners of the controlling entity	X	X
Non-controlling interests	X	X
	<u>X</u>	<u>X</u>

⁹ This means the share of associates' surplus attributable to owners of the associates, i.e., it is after tax and non-controlling interests in the associates.

...

Public Sector Entity—Statement of Financial Performance for the Year Ended December 31, 20X2

(Illustrating the Classification of Expenses by Nature)

(in thousands of currency units)

	20X2	20X1
Revenue		
Taxes	X	X
...		
Total Revenue	X	X
Expenses		
Wages, salaries, and employee benefits	(X)	(X)
...		
Total Expenses	(X)	(X)
Share of surplus of associates	X	X
<u>Surplus/(deficit) for the period from continuing operations</u>	<u>(X)</u>	<u>X</u>
<u>Loss for the period from discontinued operations</u>	<u>(X)</u>	<u>(X)</u>
Surplus/(deficit) for the period	(X)	X
Attributable to:	(X)	X
Owners of the controlling entity	(X)	X
Non-controlling interest	(X)	X

...

Comparison with IAS 1

IPSAS 1 is drawn primarily from IAS 1 (2003) and includes amendments made to IAS 1 as part of the *Improvements to IFRSs* issued in May 2008 and April 2009 respectively. At the time of initially issuing this Standard, the IPSASB ~~has~~had not considered the applicability of IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, to public sector entities; therefore IPSAS 1 ~~does~~did not reflect amendments made to IAS 1 consequent upon the issuing of IFRS 5. The IPSASB has subsequently issued [draft] IPSAS [X] (ED 79), *Non-current Assets Held for sale and Discontinued Operations* in [MTH], [YEAR]. Therefore, all amendments made to IAS 1 from the issuance of IFRS 5 are now reflected in IPSAS 1. The main differences between IPSAS 1 and IAS 1 are as follows:

- Discussion on the application of the going concern concept to public sector entities has been included in IPSAS 1 compared to that in IAS 1.

...

Amendments to IPSAS 2, *Cash Flow Statements*

Paragraph 22 is amended, and paragraph 63H added. New text is underlined, and deleted text is struck through.

...

Presentation of a Cash Flow Statement

...

Operating Activities

...

22. Cash flows from operating activities are primarily derived from the principal cash-generating activities of the entity. Examples of cash flows from operating activities are:
- (a) Cash receipts from taxes, levies, and fines;

...

- (k) Cash receipts or payments from ~~discontinuing~~ discontinued operations; and

...

Effective Date

...

63H. Paragraphs 22 was amended by [draft] IPSAS [X] (ED 79), *Non-current Assets Held for Sale and Discontinued Operations* issued in [Month] [Year]. An entity shall apply this amendment for annual financial statements covering periods beginning on or after [Month] [Day] [Year]. Earlier application is encouraged. If an entity applies the amendments for a period beginning before [Month] [Day] [Year] it shall disclosure that fact and apply [draft] IPSAS [X] (ED 79) at the same time.

Amendment to IPSAS 14, *Events after the Reporting Date*

Paragraph 31 is amended and paragraph 32G is added. New text is underlined, and deleted text is struck through.

...

Disclosure

...

Disclosure of Non-adjusting Events after the Reporting Date

...

31. The following are examples of non-adjusting events after the reporting date that would generally result in disclosure:
- (a) An unusually large decline in the value of property carried at fair value, where that decline is unrelated to the condition of the property at reporting date, but is due to circumstances that have arisen since the reporting date;

...

- (d) Announcing a plan to discontinue an operation or major program, disposing of assets, or settling liabilities attributable to a discontinued operation or major program, or entering into binding agreements to sell such assets or settle such liabilities;
- (e) Major purchases ~~and disposals~~ of assets; classification of assets as held for sale in accordance with [draft] IPSAS [X] (ED 79), *Non-current Assets Held for Sale and Discontinued Operations*, other disposals of assets, or expropriation of major assets by other public sector entities;

...

Effective Date

...

32G. Paragraph 31 was amended by [draft] IPSAS [X] (ED 79) issued in [Month] [Year]. An entity shall apply this amendment for annual financial statements covering periods beginning on or after [Month] [Day] [Year]. Earlier application is encouraged. If an entity applies the amendments for a period beginning before [Month] [Day] [Year] it shall disclosure that fact and apply [draft] IPSAS [X] (ED 79) at the same time.

...

Basis for Conclusions

This Basis for Conclusions accompanies, but is not part of, IPSAS 14.

...

Revision of IPSAS 14 as a result of Part II of *Improvements to IPSASs 2015*: issues raised by stakeholders

BC8. At the time of this revision, Stakeholders-stakeholders indicated that IPSASs referred to non-current assets held for sale and disposal groups inconsistently. The IPSASB concluded that IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, may only be appropriate for the public sector in certain circumstances, for the following reasons:

- (a) Sales of assets in the public sector may not be completed within one year because of the levels of approval required. This ~~raises-raised~~ questions about the relevance and consistency of information provided in accordance with IFRS 5. In particular, the IPSASB ~~notes-noted~~ that, under IFRS 5, non-current assets held for sale are not depreciated. The IPSASB had concerns that not depreciating assets for an extended period of time may be inappropriate.
- (b) Many assets in the public sector are disposed of through a transfer or distribution for no or nominal consideration. As IFRS 5 deals with sales at fair value, the measurement and disclosure requirements ~~may-might~~ not provide relevant information for these transfers. However, the IPSASB ~~recognizes-recognized~~ that the measurement and disclosure requirements in IFRS 5 ~~may-might~~ be appropriate where sales are intended to take place at fair value.

- (c) Many discontinued operations in the public sector are operations that previously provided services at no or nominal cost. As IFRS 5 deals with discontinued operations that were either cash-generating units or a group of cash-generating units prior to disposal or being classified as held for sale, the disclosure requirements ~~may might~~ not provide relevant information for public sector discontinued operations. However, the IPSASB ~~recognizes~~ recognized that the disclosure requirements in IFRS 5 ~~may might~~ be appropriate where discontinued operations were previously either cash-generating units or one or more groups of cash generating units.

Because the IPSASB had concluded that IFRS 5 would only be appropriate in the public sector in limited circumstances, the IPSASB agreed to remove references in IPSAS to international or national accounting standards dealing with non-current assets held for sale and discontinued operations. The IPSASB had concerns that retaining this reference may result in entities following the requirements of IFRS 5 in circumstances where this may not be appropriate. The IPSASB noted that IPSAS 3, *Accounting Policies, Changes in Accounting Estimates and Errors*, provides guidance on selecting accounting policies for transactions that are not specifically addressed in IPSASs. This guidance would permit entities to adopt an accounting policy that is consistent with IFRS 5 where the entity considers this is appropriate.

BC8A. However, in [MTH], [YEAR] the IPSAS issued [draft] IPSAS [X] (ED 79), *Non-current Assets Held for Sale and Discontinued Operations* which is an IPSAS aligned with IFRS 5.

...

Amendments to IPSAS 16, *Investment Property*

Paragraphs 65, 87 and 90 are amended and paragraph 101J is added. New text is underlined, and deleted text is struck through.

...

Measurement after recognition

...

Cost model

65. After initial recognition, an entity that chooses the cost model shall measure ~~all of its investment property: in accordance with IPSAS 17's requirements for that model, i.e., at cost less any accumulated depreciation and any accumulated impairment losses.~~
- (a) In accordance with [draft] IPSAS [X] (ED 79), *Non-current Assets Held for Sale and Discontinued Operations* if it meets the criteria to be classified as held for sale (or is included in a disposal group that is classified as held for sale);
 - (b) In accordance with [draft] IPSAS [X] (ED 75) *Leases*, if it is held by a lessee as a right-of-use asset and is not held for sale in accordance with [draft] IPSAS [X] (ED 79); and
 - (c) In accordance with the requirements in IPSAS 17 for the cost model in all other cases.

...

Disclosure

...

Fair value model

87. In addition to the disclosures required by paragraph 86, an entity that applies the fair value model in paragraphs 42–64 shall disclose a reconciliation between the carrying amounts of investment property at the beginning and end of the period, showing the following:

- (a) Additions, disclosing separately those additions resulting from acquisitions and those resulting from subsequent expenditure recognized in the carrying amount of an asset;

...

- (c) ~~Disposals~~ Assets classified as held for sale or included in a disposal group classified as held for sale in accordance with [draft] IPSAS [X] (ED 79) and other disposals;

...

Cost Model

90. In addition to the disclosures required by paragraph 86, an entity that applies the cost model in paragraph 65 shall disclose:

- (a) The depreciation methods used;

...

- (d) The reconciliation of the carrying amount of investment property at the beginning and end of the period, showing the following:

- (i) Additions, disclosing separately those additions resulting from acquisitions and those resulting from subsequent expenditure recognized as an asset;
- (ii) Additions resulting from acquisitions through public sector combinations;
- (iii) ~~Disposals~~ Assets classified as held for sale or included in a disposal group classified as held for sale in accordance with [draft] IPSAS [X] (ED 79) and other disposals;

...

Effective Date

101J. Paragraphs 65, 87 and 90 were amended by [draft] IPSAS [X] (ED 79) issued in [Month] [Year]. An entity shall apply this amendment for annual financial statements covering periods beginning on or after [Month] [Day] [Year]. Earlier application is encouraged. If an entity applies the amendments for a period beginning before [Month] [Day] [Year] it shall disclosure that fact and apply [draft] IPSAS [X] (ED 79) at the same time.

...

Comparison with IAS 40

IPSAS 16 is drawn primarily from IAS 40 (2003), *Investment Property* and includes amendments made to IAS 40 as part of the *Improvements to IFRSs* issued in May 2008. At the time of initially issuing this Standard, the IPSASB ~~has had~~ not considered the applicability of IFRS 4, *Insurance Contracts*, and IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, to public sector entities; therefore IPSAS 16 ~~does~~ did not reflect amendments made to IAS 40 consequent upon the issue of those IFRSs. The IPSASB has subsequently issued [draft] IPSAS [X] (ED 79), *Non-current Assets Held for sale and Discontinued Operations* in [MTH], [YEAR]. Therefore, all amendments made to IAS 40 from the issuance of IFRS 5 are now reflected in IPSAS 16. The main differences between IPSAS 16 and IAS 40 are as follows:

- IPSAS 16 requires that investment property initially be measured at cost and specifies that where an asset is acquired for no cost or for a nominal cost, its cost is its fair value as at the date of acquisition. IAS 40 requires investment property to be initially measured at cost.

...

Amendments to IPSAS 17, *Property, Plant, and Equipment*

Paragraphs 6, 71, 83A, 88, and 94 are amended and paragraphs 89A and 107R are added. New text is underlined, and deleted text is struck through.

...

Scope

...

6. This Standard does not apply to:

- (a) Biological assets related to agricultural activity other than bearer plants (see IPSAS 27, *Agriculture*). This Standard applies to bearer plants but does not apply to the produce on bearer plants;
- (b) Mineral rights and mineral reserves such as oil, natural gas, and similar non-regenerative resources (see the relevant international or national accounting standard dealing with mineral rights, mineral reserves, and similar non-regenerative resources); and
- (c) Property, plant, and equipment classified as held for sale in accordance with [draft] IPSAS [X] (ED 79), *Non-current Assets Held for Sale and Discontinued Operations*.

However, this Standard applies to property, plant, and equipment used to develop or maintain the assets described in 6(a) or 6(b).

...

Depreciation

...

Depreciable amount and depreciation period

...

71. Depreciation of an asset begins when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with [draft] IPSAS [X] (ED 79) and the date that ~~when~~ the asset is derecognized. Therefore, depreciation does not cease when the asset becomes idle or is retired from active use and held for disposal unless the asset is fully depreciated. However, under usage methods of depreciation, the depreciation charge can be zero while there is no production.

...

Derecognition

...

- 83A. However, an entity that, in the course of its ordinary activities, routinely sells items of property, plant and equipment that it has held for rental to others shall transfer such assets to inventories at their carrying amount when they cease to be rented and become held for sale. The proceeds from the sale of such assets shall be recognized as revenue in accordance with IPSAS 9, *Revenue from Exchange Transactions*. [draft] IPSAS [X] (ED 79) does not apply when assets that are held for sale in the ordinary course of operations are transferred to inventories.¹⁰

...

Disclosure

88. **The financial statements shall disclose, for each class of property, plant, and equipment recognized in the financial statements:**
- (a) **The measurement bases used for determining the gross carrying amount;**
 - ...
 - (e) **A reconciliation of the carrying amount at the beginning and end of the period showing:**
 - (i) **Additions;**
 - (ii) **~~Disposals~~ Assets classified as held for sale or included in a disposal group classified as held for sale in accordance with [draft] IPSAS [X] (ED 79);**

¹⁰ Note IPSAS 17 paragraph 83A is also proposed to be amended by ED 70, *Revenue with Performance Obligations*. Those amendments are not shown here.

(ii)A Assets allocated for transfer to another public sector entity in a transaction that is outside the scope of [draft] IPSAS [X] (ED 79);

(ii)B Any other disposals;

...

...

89A. An entity shall also disclose in the notes to the financial statements the carrying amount of assets that are deemed surplus to the entity's operational requirements but that do not meet the criteria to be classified as held for sale under [draft] IPSAS [X] (ED 79).

...

94. Users of financial statements may also find the following information relevant to their needs:

(a) The carrying amount of temporarily idle property, plant, and equipment;

...

(c) The carrying amount of property, plant, and equipment retired from active use and ~~held for disposal~~ not classified as held for sale in accordance with [draft] IPSAS [X] (ED 79); and

...

Effective Date

...

107R. Paragraphs 6, 71, 83A, 88 and 94 were amended and paragraph 89A was added by [draft] IPSAS [X] (ED 79) issued in [Month] [Year]. An entity shall apply this amendment for annual financial statements covering periods beginning on or after [Month] [Day] [Year]. Earlier application is encouraged. If an entity applies the amendments for a period beginning before [Month] [Day] [Year] it shall disclosure that fact and apply [draft] IPSAS [X] (ED 79) at the same time.

...

Comparison with IAS 16

IPSAS 17 is drawn primarily from IAS 16 (2003), *Property, Plant and Equipment* and includes amendments made to IAS 16 as part of the *Improvements to IFRSs* issued in May 2008. At the time of initially issuing this Standard, the IPSASB ~~has had~~ not considered the applicability of IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations* to public sector entities; therefore, IPSAS 17 ~~does~~ did not reflect amendments made to IAS 16 consequent upon the issue of IFRS 5. The IPSASB has subsequently issued [draft] IPSAS [X] (ED 70, *Non-current Assets Held for Sale and Discontinued Operations*). Therefore, all amendments made to IAS 16 from the issuance of IFRS 5 are now reflected in IPSAS 17. The main differences between IPSAS 17 and IAS 16 (2003) are as follows:

- IPSAS 17 does not require or prohibit the recognition of heritage assets. An entity that recognizes heritage assets is required to comply with the disclosure requirements of this Standard with respect to those heritage assets that have been recognized and may, but is not required to, comply with other requirements of this Standard in respect of those heritage assets. IAS 16 does not have a similar exclusion.

...

Amendments to IPSAS 19, *Provisions, Contingent Liabilities and Contingent Assets*

Paragraph 6 is amended and paragraph 111M is added. New text is underline and deleted text is struck through.

...

Scope

...

6. This Standard applies to provisions for restructuring (including discontinued operations ~~being discontinued~~). When a restructuring meets the definition of a discontinued operation, additional disclosures may be required by [draft] IPSAS [X] (ED 79), *Non-current Assets Held for Sale and Discontinued Operations*. An entity shall disclose information that enables users of its financial statements to evaluate the financial effects of a restructuring.

...

Effective Date

...

- 111M. Paragraph 6 was amended by [draft] IPSAS [X] (ED 79) issued in [Month] [Year]. An entity shall apply this amendment for annual financial statements covering periods beginning on or after [Month] [Day] [Year]. Earlier application is encouraged. If an entity applies the amendments for a period beginning before [Month] [Day] [Year] it shall disclosure that fact and apply [draft] IPSAS [X] (ED 79) at the same time.

...

Basis for Conclusions

This Basis for Conclusions accompanies, but is not part of, IPSAS 19.

Revision of IPSAS 19 as a result of Part II of Improvements to IPSASs 2015: issues raised by stakeholders

- BC1. At the time of this revision, Stakeholders ~~stakeholders~~ indicated that IPSASs referred to non-current assets held for sale and disposal groups inconsistently. The IPSASB concluded that IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, ~~may~~ might only be appropriate for the public sector in certain circumstances, for the following reasons:

- (a) Sales of assets in the public sector may not be completed within one year because of the levels of approval required. This raiseds ~~questions~~ about the relevance and consistency of information provided in accordance with IFRS 5. In particular, the IPSASB ~~notes~~ noted that, under IFRS 5, non-current assets held for sale are not depreciated. The IPSASB had concerns that not depreciating assets for an extended period of time may be inappropriate.
- (b) Many assets in the public sector are disposed of through a transfer or distribution for no or nominal consideration. As IFRS 5 deals with sales at fair value, the measurement and disclosure requirements ~~may~~ might not provide relevant information for these transfers. However, the IPSASB ~~recognizes~~ recognized that the measurement and disclosure requirements in IFRS 5 ~~may~~ might be appropriate where sales are intended to take place at fair value.

- (c) Many discontinued operations in the public sector are operations that previously provided services at no or nominal cost. As IFRS 5 deals with discontinued operations that were either cash-generating units or a group of cash-generating units prior to disposal or being classified as held for sale, the disclosure requirements ~~may might~~ not provide relevant information for public sector discontinued operations. However, the IPSASB ~~recognizes~~ recognized that the disclosure requirements in IFRS 5 ~~may might~~ be appropriate where discontinued operations were previously either cash-generating units or one or more groups of cash generating units.

Because the IPSASB had concluded that IFRS 5 would only be appropriate in the public sector in limited circumstances, the IPSASB agreed to remove references in IPSAS to international or national accounting standards dealing with non-current assets held for sale and discontinued operations. The IPSASB had concerns that retaining this reference ~~may might~~ result in entities following the requirements of IFRS 5 in circumstances where this may not be appropriate. The IPSASB noted that IPSAS 3, *Accounting Policies, Changes in Accounting Estimates and Errors*, provides guidance on selecting accounting policies for transactions that are not specifically addressed in IPSASs. This guidance would permit entities to adopt an accounting policy that is consistent with IFRS 5 where the entity considers this is appropriate.

BC1A. However, in [MTH], [YEAR] the IPSAS issued [draft] IPSAS [X] (ED 79), *Non-current Assets Held for Sale and Discontinued Operations* which is an IPSAS aligned with IFRS 5.

...

Amendments to IPSAS 21, *Impairment of Non-Cash-Generating Assets*

Paragraphs 2, 8 and 27 (footnote added) were amended and paragraph 82L is added. New text is underlined, and deleted text is struck through.

...

Scope

2. **An entity that prepares and presents financial statements under the accrual basis of accounting shall apply this Standard in accounting for impairment of non-cash-generating assets, except:**
 - (a) **Inventories (see IPSAS 12, *Inventories*);**
 - ...
 - (d) **Investment property that is measured using the fair value model (see IPSAS 16, *Investment Property*); and**
 - (e) [Deleted]
 - (f) [Deleted]
 - (fa) **Non-current assets (or disposal groups) classified as held for sale in accordance with [draft] IPSAS [X] (ED 79), *Non-current Assets Held for Sale and Discontinued Operations*; and**
 - (g) **Other assets in respect of which accounting requirements for impairment are included in another IPSAS.**

...

8. This Standard does not apply to inventories, ~~and~~ assets arising from construction contracts, or assets classified as held for sale (or included in a disposal group that is classified as held for sale) because existing IPSASs applicable to these assets contain requirements for recognizing and measuring these assets.

...

Identifying an Asset that may be Impaired

...

27. In assessing whether there is any indication that an asset may be impaired, an entity shall consider, as a minimum, the following indications:

External sources of information

- (a) Cessation, or near cessation, of the demand or need for services provided by the asset;
- (b) Significant long-term changes with an adverse effect on the entity have taken place during the period, or will take place in the near future, in the technological, legal, or government policy environment in which the entity operates;

Internal sources of information

- (c) Evidence is available of physical damage of an asset;
- (d) Significant long-term changes with an adverse effect on the entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date and reassessing the useful life of an asset as finite rather than indefinite;¹

...

¹ Once an asset meets the criteria to be classified as held for sale (or is included in a disposal group that is classified as held for sale), it is excluded from the scope of this Standard and is accounted for in accordance with [draft] IPSAS [X] (ED 79), *Non-current Assets Held for Sale and Discontinued Operations*.

Effective Date

...

- 82L. Paragraphs 2, 8 and 27 were amended by [draft] IPSAS [X] (ED 79) issued in [Month] [Year]. An entity shall apply this amendment for annual financial statements covering periods beginning on or after [Month] [Day] [Year]. Earlier application is encouraged. If an entity applies the amendments for a period beginning before [Month] [Day] [Year] it shall disclosure that fact and apply [draft] IPSAS [X] (ED 79) at the same time.

...

Comparison with IAS 36 (2004)

IPSAS 21 is drawn primarily from IAS 36 (2004). The main differences between IPSAS 21 and IAS 36 (2004) are as follows:

- IPSAS 21 deals with the impairment of non-cash-generating assets of public sector entities, while IAS 36 deals with the impairment of cash-generating assets of profit-oriented entities. IPSAS 26 deals with the impairment of cash-generating assets of public sector entities.
- ...
- The scope of IAS 36 excludes certain classes of assets that are not excluded from the scope of IPSAS 21. These exclusions relate to classes of assets that are the subject of specific impairment requirements under other IFRSs. These have not been excluded from IPSAS 21 because there are not equivalent IPSASs. These exclusions include (a) biological assets related to agricultural activity, (b) deferred tax assets, (c) deferred acquisition costs, and (d) intangible assets arising from an insurer's contractual rights under insurance contracts within the scope of IFRS 4, Insurance Contracts, and ~~(e) non-current assets (or disposal groups) classified as held for sale in accordance with IFRS 5, Non-current Assets Held for Sale and Discontinued Operations.~~
- ...

Amendments to IPSAS 26, *Impairment of Cash-Generating Assets*

Paragraphs 2, 8 and 25 (footnote added) are amended and paragraph 126N is added. New text is underlined, and deleted text is struck through.

...

Scope

2. **An entity that prepares and presents financial statements under the accrual basis of accounting shall apply this Standard in accounting for the impairment of cash-generating assets, except for:**
 - (a) **Inventories (see IPSAS 12, *Inventories*);**
 - ...
 - (k) **Deferred acquisition costs, and intangible assets, arising from an insurer's contractual rights under insurance contracts within the scope of the relevant international or national accounting standard dealing with insurance contracts; and**
 - (l) [Deleted]
 - (la) **Non-current assets (or disposal groups) classified as held for sale in accordance with [draft] IPSAS [X] (ED 79), *Non-current Assets Held for Sale and Discontinued Operations*; and**

- (m) **Other cash-generating assets in respect of which accounting requirements for impairment are included in another Standard.**

...

8. This Standard does not apply to inventories, ~~and~~ cash-generating assets arising from construction contracts, or assets classified as held for sale (or included in a disposal group that is classified as held for sale) because existing standards applicable to these assets contain requirements for recognizing and measuring such assets. This Standard does not apply to deferred tax assets, assets related to employee benefits, or deferred acquisition costs and intangible assets arising from an insurer's contractual rights under insurance contracts. The impairment of such assets is addressed in the relevant international or national accounting standards. In addition, this Standard does not apply to biological assets related to agricultural activity that are measured at fair value less costs to sell. IPSAS 27 dealing with biological assets related to agricultural activity contains measurement requirements.

...

Identifying an Asset that may be Impaired

...

25. **In assessing whether there is any indication that an asset may be impaired, an entity shall consider, as a minimum, the following indications:**

External sources of information

- (a) **During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use;**
- (b) **Significant changes with an adverse effect on the entity have taken place during the period, or will take place in the near future, in the technological, market, economic, or legal environment in which the entity operates, or in the market to which an asset is dedicated;**
- (c) **Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially;**

Internal sources of information

- (d) **Evidence is available of obsolescence or physical damage of an asset;**
- (e) **Significant changes with an adverse effect on the entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or the manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite;¹**

...

¹ Once an asset meets the criteria to be classified as held for sale (or is included in a disposal group that is classified as held for sale), it is excluded from the scope of this Standard and is accounted for in accordance with [draft] IPSAS [X] (ED 79), *Non-current Assets Held for Sale and Discontinued Operations*.

Effective Date

...

126N. **Paragraphs 2, 8 and 25 were amended by [draft] IPSAS [X] (ED 79) issued in [Month] [Year]. An entity shall apply this amendment for annual financial statements covering periods beginning on or after [Month] [Day] [Year]. Earlier application is encouraged. If an entity applies the amendments for a period beginning before [Month] [Day] [Year] it shall disclosure that fact and apply [draft] IPSAS [X] (ED 79) at the same time.**

...

Basis for Conclusions

This Basis for Conclusions accompanies, but is not part of, IPSAS 26.

...

Revision of IPSAS 26 as a result of Part II of *Improvements to IPSASs 2015*: issues raised by stakeholders

BC19. At the time of this revision, Stakeholders-stakeholders indicated that IPSASs referred to non-current assets held for sale and disposal groups inconsistently. The IPSASB concluded that IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, ~~may-might~~ only be appropriate for the public sector in certain circumstances, for the following reasons:

- (a) Sales of assets in the public sector may not be completed within one year because of the levels of approval required. This ~~raises-raised~~ questions about the relevance and consistency of information provided in accordance with IFRS 5. In particular, the IPSASB ~~notes-noted~~ that, under IFRS 5, non-current assets held for sale are not depreciated. The IPSASB has concerns that not depreciating assets for an extended period of time may be inappropriate.
- (b) Many assets in the public sector are disposed of through a transfer or distribution for no or nominal consideration. As IFRS 5 deals with sales at fair value, the measurement and disclosure requirements ~~may-might~~ not provide relevant information for these transfers. However, the IPSASB ~~recognizes-recognized~~ that the measurement and disclosure requirements in IFRS 5 ~~may-might~~ be appropriate where sales are intended to take place at fair value.
- (c) Many discontinued operations in the public sector are operations that previously provided services at no or nominal cost. As IFRS 5 deals with discontinued operations that were either cash-generating units or a group of cash-generating units prior to disposal or being classified as held for sale, the disclosure requirements ~~may-might~~ not provide relevant information for public sector discontinued operations. However, the IPSASB ~~recognizes-recognized~~ that the disclosure requirements in IFRS 5 ~~may-might~~ be appropriate where discontinued operations were previously either cash-generating units or one or more groups of cash generating units.

Because the IPSASB had concluded that IFRS 5 would only be appropriate in the public sector in limited circumstances, the IPSASB agreed to remove references in IPSAS to international or national accounting standards dealing with non-current assets held for sale and discontinued operations. The IPSASB had concerns that retaining this reference ~~may~~might result in entities following the requirements of IFRS 5 in circumstances where this may not be appropriate. The IPSASB noted that IPSAS 3, *Accounting Policies, Changes in Accounting Estimates and Errors*, provides guidance on selecting accounting policies for transactions that are not specifically addressed in IPSASs. This guidance would permit entities to adopt an accounting policy that is consistent with IFRS 5 where the entity considers this is appropriate.

BC19A. However, in [MTH], [YEAR] the IPSAS issued [draft] IPSAS [X] (ED 79), *Non-current Assets Held for Sale and Discontinued Operations* which is an IPSAS aligned with IFRS 5.

...

Amendments to IPSAS 27, *Agriculture*

Paragraphs 34 and 48 are amended and paragraph 56H is added. New text is underlined, and deleted text is struck through.

...

Recognition and Measurement

...

Inability to Measure Fair Value Reliably

34. **There is a presumption that fair value can be measured reliably for a biological asset. However, that presumption can be rebutted only on initial recognition for a biological asset for which market-determined prices or values are not available, and for which alternative estimates of fair value are determined to be clearly unreliable. In such a case, that biological asset shall be measured at its cost less any accumulated depreciation and any accumulated impairment losses. Once the fair value of such a biological asset becomes reliably measurable, an entity shall measure it at its fair value less costs to sell. Once a non-current biological asset meets the criteria to be classified as held for sale (or is included in a disposal group that is classified as held for sale) in accordance with [draft] IPSAS [X] (ED 79), *Non-current Assets Held for Sale and Discontinued Operations*, it is presumed that fair value can be measured reliably.**

...

Disclosures

...

48. **An entity shall present a reconciliation of changes in the carrying amount of biological assets between the beginning and the end of the current period. The reconciliation shall include:**
- (a) **The gain or loss arising from changes in fair value less costs to sell, disclosed separately for bearer biological assets and consumable biological assets;**

...

- (d) **Decreases attributable to sales and biological assets classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with [draft] IPSAS [X] (ED 79);**

...

Effective Date

...

56H. **Paragraphs 34 and 48 were amended by [draft] IPSAS [X] (ED 79) issued in [Month] [Year]. An entity shall apply this amendment for annual financial statements covering periods beginning on or after [Month] [Day] [Year]. Earlier application is encouraged. If an entity applies the amendments for a period beginning before [Month] [Day] [Year] it shall disclosure that fact and apply [draft] IPSAS [X] (ED 79) at the same time.**

...

Basis for Conclusions

This Basis for Conclusions accompanies, but is not part of, IPSAS 27.

...

Revision of IPSAS 27 as a result of Part II of *Improvements to IPSASs 2015*: issues raised by stakeholders

BC15. At the time of this revision, Stakeholders-stakeholders indicated that IPSASs referred to non-current assets held for sale and disposal groups inconsistently. The IPSASB concluded that IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, ~~may~~might only be appropriate for the public sector in certain circumstances, for the following reasons:

- (a) Sales of assets in the public sector may not be completed within one year because of the levels of approval required. This ~~raises~~raised questions about the relevance and consistency of information provided in accordance with IFRS 5. In particular, the IPSASB ~~notes~~noted that, under IFRS 5, non-current assets held for sale are not depreciated. The IPSASB had concerns that not depreciating assets for an extended period of time may be inappropriate.
- (b) Many assets in the public sector are disposed of through a transfer or distribution for no or nominal consideration. As IFRS 5 deals with sales at fair value, the measurement and disclosure requirements ~~may~~might not provide relevant information for these transfers. However, the IPSASB ~~recognizes~~recognized that the measurement and disclosure requirements in IFRS 5 ~~may~~might be appropriate where sales are intended to take place at fair value.
- (c) Many discontinued operations in the public sector are operations that previously provided services at no or nominal cost. As IFRS 5 deals with discontinued operations that were either cash-generating units or a group of cash-generating units prior to disposal or being classified as held for sale, the disclosure requirements ~~may~~might not provide relevant information for public sector discontinued operations. However, the IPSASB ~~recognizes~~recognized that the disclosure requirements in IFRS 5 ~~may~~might be appropriate where

discontinued operations were previously either cash-generating units or one or more groups of cash generating units.

Because the IPSASB had concluded that IFRS 5 would only be appropriate in the public sector in limited circumstances, the IPSASB agreed to remove references in IPSAS to international or national accounting standards dealing with non-current assets held for sale and discontinued operations. The IPSASB had concerns that retaining this reference ~~may-might~~ result in entities following the requirements of IFRS 5 in circumstances where this may not be appropriate. The IPSASB noted that IPSAS 3, *Accounting Policies, Changes in Accounting Estimates and Errors*, provides guidance on selecting accounting policies for transactions that are not specifically addressed in IPSASs. This guidance would permit entities to adopt an accounting policy that is consistent with IFRS 5 where the entity considers this is appropriate.

BC15A. However, in [MTH], [YEAR] the IPSAS issued [draft] IPSAS [X] (ED 79), *Non-current Assets Held for Sale and Discontinued Operations* which is an IPSAS aligned with IFRS 5.

...

Amendments to IPSAS 31, *Intangible Assets*

Paragraphs 6, 96, 116 and 117 are amended and paragraphs 117A and 132M are added. New text is underlined, and deleted text is struck through.

...

Scope

...

6. If another IPSAS prescribes the accounting for a specific type of intangible asset, an entity applies that IPSAS instead of this Standard. For example, this Standard does not apply to:

- (a) Intangible assets held by an entity for sale in the ordinary course of operations (see IPSAS 11, *Construction Contracts*, and IPSAS 12, *Inventories*);

...

- (h) Non-current intangible assets classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with [draft] IPSAS [X] (ED 79), *Non-current Assets Held for Sale and Discontinued Operations*.

...

Intangible Assets with Finite Useful Lives

Amortization Period and Amortization Method

96. The depreciable amount of an intangible asset with a finite useful life shall be allocated on a systematic basis over its useful life. Amortization shall begin when the asset is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Amortization shall cease at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with [draft] IPSAS [X] (ED 79) and the date that the asset is derecognized. The amortization method used shall reflect the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the

entity. If that pattern cannot be determined reliably, the straight-line method shall be used. The amortization charge for each period shall be recognized in surplus or deficit unless this or another Standard permits or requires it to be included in the carrying amount of another asset.

...

Retirements and Disposals

...

116. Amortization of an intangible asset with a finite useful life does not cease when the intangible asset is no longer used, unless the asset has been fully depreciated- or is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with [draft] IPSAS [X] (ED 79).

Disclosure

General

General

117. An entity shall disclose the following for each class of intangible assets, distinguishing between internally generated intangible assets and other intangible assets:

- (a) Whether the useful lives are indefinite or finite and, if finite, the useful lives or the amortization rates used;
- (b) The amortization methods used for intangible assets with finite useful lives;
- (c) The gross carrying amount and any accumulated amortization (aggregated with accumulated impairment losses) at the beginning and end of the period;
- (d) The line item(s) of the statement of financial performance in which any amortization of intangible assets is included;
- (e) A reconciliation of the carrying amount at the beginning and end of the period showing:
 - (i) Additions, indicating separately those from internal development, those acquired separately, and those acquired through acquisitions;
 - (ii) ~~Disposals~~ Assets classified as held for sale or included in a disposal group classified as held for sale in accordance with [draft] IPSAS [X] (ED 79);
 - (ii)A Assets allocated for transfer to another public sector entity in a transaction that is outside the scope of [draft] IPSAS [X] (ED 79);
 - (ii)B Any other disposals;

...

- 117A. An entity shall also disclose in the notes to the financial statements the carrying amount of assets that are deemed surplus to the entity's operational requirements but that do not meet the criteria to be classified as held for sale under [draft] IPSAS [X] (ED 79).

...

Effective Date

...

132M. Paragraphs 34 and 48 were amended and paragraph 117A was added by [draft] IPSAS [X] (ED 79) issued in [Month] [Year]. An entity shall apply this amendment for annual financial statements covering periods beginning on or after [Month] [Day] [Year]. Earlier application is encouraged. If an entity applies the amendments for a period beginning before [Month] [Day] [Year] it shall disclosure that fact and apply [draft] IPSAS [X] (ED 79) at the same time.

...

Basis for Conclusions

This Basis for Conclusions accompanies, but is not part of, IPSAS 31.

...

Revision of IPSAS 31 as a result of Part II of *Improvements to IPSASs 2015*: issues raised by stakeholders

BC11. At the time of this revision, Stakeholders-stakeholders indicated that IPSASs referred to non-current assets held for sale and disposal groups inconsistently. The IPSASB concluded that IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, ~~may~~might only be appropriate for the public sector in certain circumstances, for the following reasons:

- (a) Sales of assets in the public sector may not be completed within one year because of the levels of approval required. This ~~raises~~raised questions about the relevance and consistency of information provided in accordance with IFRS 5. In particular, the IPSASB ~~notes~~noted that, under IFRS 5, non-current assets held for sale are not depreciated. The IPSASB had concerns that not depreciating assets for an extended period of time may be inappropriate.
- (b) Many assets in the public sector are disposed of through a transfer or distribution for no or nominal consideration. As IFRS 5 deals with sales at fair value, the measurement and disclosure requirements ~~may~~might not provide relevant information for these transfers. However, the IPSASB ~~recognizes~~recognized that the measurement and disclosure requirements in IFRS 5 ~~may~~might be appropriate where sales are intended to take place at fair value.
- (c) Many discontinued operations in the public sector are operations that previously provided services at no or nominal cost. As IFRS 5 deals with discontinued operations that were either cash-generating units or a group of cash-generating units prior to disposal or being classified as held for sale, the disclosure requirements ~~may~~might not provide relevant information for public sector discontinued operations. However, the IPSASB ~~recognizes~~recognized that the disclosure requirements in IFRS 5 ~~may~~might be appropriate where discontinued operations were previously either cash-generating units or one or more groups of cash generating units.

Because the IPSASB had concluded that IFRS 5 would only be appropriate in the public sector in limited circumstances, the IPSASB agreed to remove references in IPSAS to international or national accounting standards dealing with non-current assets held for sale and discontinued operations. The IPSASB had concerns that retaining this reference ~~may~~might result in entities

following the requirements of IFRS 5 in circumstances where this may not be appropriate. The IPSASB noted that IPSAS 3, *Accounting Policies, Changes in Accounting Estimates and Errors*, provides guidance on selecting accounting policies for transactions that are not specifically addressed in IPSASs. This guidance would permit entities to adopt an accounting policy that is consistent with IFRS 5 where the entity considers this is appropriate.

BC11A. However, in [MTH], [YEAR] the IPSAS issued [draft] IPSAS [X] (ED 79), *Non-current Assets Held for Sale and Discontinued Operations* which is an IPSAS aligned with IFRS 5.

...

Amendments to IPSAS 33, *First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASS)*

Paragraph 131A and the associated heading and paragraph 134J are added. New text is underlined, and deleted text is struck through.

...

Exemptions that Do Not Affect Fair Presentation and Compliance with Accrual Basis IPSASs During the Period of Adoption

...

IPSAS 35, Consolidated Financial Statements

...

Non-controlling Interests

131A. A first-time adopter shall apply the following requirements of IPSAS 35 prospectively from the date of transition to IPSAS:

- (a) The requirement in paragraph 49 that the total amount recognized in the statement of changes in net assets/equity is attributed to the owners of the controlling entity and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance;
- (b) The requirements in paragraphs 48 and 51 for accounting for changes in the controlling entity's interest in a controlled entity that do not result in the loss of control; and
- (c) The requirements in paragraphs 53-55 for accounting for a loss of control over a controlled entity, and the related requirements of paragraph 13 of [draft] IPSAS [X] (ED 79), *Non-current Assets Held for Sale and Discontinued Operations*.

...

Effective Date

...

134J. Paragraph 131A and the associated heading was added by [draft] IPSAS [X] (ED 79) issued in [Month] [Year]. An entity shall apply this amendment for annual financial statements covering periods beginning on or after [Month] [Day] [Year]. Earlier application is encouraged. If an entity applies the amendments for a period beginning before [Month] [Day] [Year] it shall disclosure that fact and apply [draft] IPSAS [X] (ED 79) at the same time.

Amendments to IPSAS 34, *Separate Financial Statements*

Paragraph 12 is amended and paragraph 32D is added. New text is underlined, and deleted text is struck through.

Preparation of Separate Financial Statements

...

12. **When an entity prepares separate financial statements, it shall account for similar investments in controlled entities, joint ventures and associates either:**

- (a) **At cost;**
- (b) **In accordance with IPSAS 41; or**
- (c) **Using the equity method as described in IPSAS 36.**

The entity shall apply the same accounting for each category of investments. Investments accounted for at cost or using the equity method shall be accounted for in accordance with [draft] IPSAS [X] (ED 79), *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale or for distribution (or included in a disposal group that is classified as held for sale or for distribution). The measurement of investments accounted for in accordance with IPSAS 41 is not changed in such circumstances.

...

Transitional Provisions

...

Effective Date

...

- 32D. **Paragraphs 34 and 48 were amended by [draft] IPSAS [X] (ED 79) issued in [Month] [Year]. An entity shall apply this amendment for annual financial statements covering periods beginning on or after [Month] [Day] [Year]. Earlier application is encouraged. If an entity applies the amendments for a period beginning before [Month] [Day] [Year] it shall disclosure that fact and apply [draft] IPSAS [X] (ED 79) at the same time.**

...

Amendments to IPSAS 35, *Consolidated Financial Statements*

Comparison with IFRS 10

IPSAS 35, *Consolidated Financial Statements* is drawn primarily from IFRS 10, *Consolidated Financial Statements* (issued in 2011, including amendments up to December 31, 2014). At the time of initially issuing this Standard, the IPSASB has not considered the applicability to public sector entities of certain IFRSs referred to in IFRS 10. These standards include:

- IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*; and
- IFRS 9, *Financial Instruments*.

The IPSASB has subsequently issued [draft] IPSAS [X] (ED 59), *Non-current Assets Held for Sale and Discontinued Operations* in [MTH], [YEAR].

Amendments to IPSAS 36, *Investments in Associates and Joint Ventures*

Paragraph 21 is amended and paragraphs 25A and 25B, and the related heading and paragraph 51K are added

...

Equity Method

...

21. ~~An investment in an associate or a joint venture accounted for using the equity method shall be classified as a non-current asset.~~ Unless an investment, or a portion of an investment, in an associate or a joint venture is classified as held for sale in accordance with [draft] IPSAS [X] (ED 79), *Non-current Assets Held for Sale and Discontinued Operations*, the investment, or any retained interest in the investment not classified as held for sale, shall be classified as a non-current asset.

...

Application of the equity method

...

Classification as held for sale

- 25A. An entity shall apply [draft] IPSAS [X] (ED 79) to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale shall be accounted for using the equity method until disposal of the portion that is classified as held for sale takes place. After the disposal takes place, an entity shall account for any retained interest in the associate or joint venture in accordance with IPSAS 41 unless the retained interest continues to be an associate or a joint venture, in which case the entity uses the equity method.
- 25B. When an investment, or a portion of an investment, in an associate or a joint venture previously classified as held for sale no longer meets the criteria to be so classified, it shall be accounted for using the equity method retrospectively as from the date of its classification as held for sale. Financial statements for the periods since classification as held for sale shall be amended accordingly.

...

Effective Date and Transition

...

- 51K. Paragraphs 21 is amended and paragraphs 25A and 25B and the related heading are added by [draft] IPSAS [X] (ED 79) issued in [Month] [Year]. An entity shall apply this amendment for annual financial statements covering periods beginning on or after [Month] [Day] [Year]. Earlier application is encouraged. If an entity applies the amendments for a period beginning before [Month] [Day] [Year] it shall disclosure that fact and apply [draft] IPSAS [X] (ED 79) at the same time.

...

IPSAS 36—INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

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Amendments to IPSAS 38, *Disclosure of Interests in Other Entities*

Paragraph AG12 is amended and paragraphs 3A, 61D and AG16A are added. New text is underlined.

...

Scope

...

3. **This Standard shall be applied by an entity that has an interest in any of the following:**

- (a) **Controlled entities;**
- (b) **Joint arrangements (i.e., joint operations or joint ventures);**
- (c) **Associates; or**
- (d) **Structured entities that are not consolidated.**

3A Except as described in paragraph AG16A, the requirements in this Standard apply to an entity's interests listed in paragraph 3 that are classified (or included in a disposal group that is classified) as held for sale or discontinued operations in accordance with [draft] IPSAS [X] (ED 79), *Non-current Assets Held for Sale and Discontinued Operations*.

...

Effective Date

...

61D. Paragraph AG12 is amended and paragraphs 3A and AG16A were added by [draft] IPSAS [X] (ED 79) issued in [Month] [Year]. An entity shall apply this amendment for annual financial statements covering periods beginning on or after [Month] [Day] [Year]. Earlier application is encouraged. If an entity applies the amendments for a period beginning before [Month] [Day] [Year] it shall disclose that fact and apply [draft] IPSAS [X] (ED 79) at the same time.

...

Application Guidance

...

AG12. For each joint venture and associate that is material to the reporting entity, an entity shall disclose:

- (a) Dividends or similar distributions received from the joint venture or associate; and
- (b) Summarized financial information for the joint venture or associate (see paragraphs AG14 and AG15) including, but not necessarily limited to:
 - (i) Current assets;
 - ...
 - (vii) Pre-tax gain or loss recognized on the disposal of assets or settlement of liabilities attributable to discontinuing operations Post-tax surplus or deficit from discontinued operations; and

...

...

AG16. An entity shall disclose, in aggregate, the carrying amount of its interests in all individually immaterial joint ventures or associates that are accounted for using the equity method. An entity shall also disclose separately the aggregate amount of its share of those joint ventures' or associates':

(a) Revenue.

...

(c) ~~Pre-tax gain or loss recognized on the disposal of assets or settlement of liabilities attributable to discontinuing operations~~ Post-tax surplus or deficit from discontinued operations.

...

AG16A. When an entity's interested in a controlled entity, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) is classified (or included in a disposal group that is classified) as held for sale in accordance with [draft] IPSAS [X] (ED 79), *Non-current Assets Classified as Held for Sale and Discontinued Operations*, the entity is not required to disclose summarized financial information for that controlled entity, joint venture or associate in accordance with paragraphs AG10-AG16.

...

Amendments to IPSAS 40, *Public Sector Combinations*

Paragraph 124 is amended and paragraphs 84A and 126G are added. New text is underlined, and deleted text is struck through.

...

The Acquisition Method of Accounting

...

Recognizing and Measuring the Identifiable Assets Acquired, the Liabilities Assumed and any Non-Controlling Interest in the Acquired Operation

...

Exceptions to the Recognition or Measurement Principles

...

Exceptions to the Measurement Principle

...

Assets Held for Sale

84A. The acquirer shall measure an acquired non-current asset (or disposal group) that is classified as held for sale at the acquisition date in accordance with [draft] IPSAS [X] (ED 79), *Non-current Assets Held for Sale and Discontinued Operations* at fair value less costs to sell in accordance with paragraphs 22-26 of that Standard.

...

Disclosures

...

124. To meet the objective in paragraph 123, the acquirer shall disclose the following information for each material acquisition or in the aggregate for individually immaterial acquisitions that are material collectively:

- (a) If the initial accounting for an acquisition is incomplete (see paragraph 103) for particular assets, liabilities, non-controlling interests or items of consideration and the amounts recognized in the financial statements for the acquisition thus have been determined only provisionally:
 - (i) The reasons why the initial accounting for the acquisition is incomplete;
 - (ii) The assets, liabilities, quantifiable ownership interests (or equivalent) or items of consideration for which the initial accounting is incomplete; and
 - (iii) The nature and amount of any measurement period adjustments recognized during the reporting period in accordance with paragraph 107.

...

- (d) A reconciliation of the carrying amount of goodwill at the beginning and end of the reporting period showing separately:
 - (i) The gross amount and accumulated impairment losses at the beginning of the reporting period.
 - (ii) Additional goodwill recognized during the reporting period, except goodwill included in a disposal group that, on acquisition, meets the criteria to be classified as held for sale in accordance with [draft] IPSAS [X] (ED 79).
 - (iii) Adjustments resulting from the subsequent recognition of amounts during the reporting period in accordance with the relevant international or national accounting standard dealing with income taxes.
 - (iv) Goodwill included in a disposal group classified as held for sale in accordance with [draft] IPSAS [X] (ED 79) and Goodwill-goodwill derecognized during the reporting period without having previously been included in a disposal group classified as held for sale.

...

Effective Date and Transition

Effective Date

...

126G. Paragraphs 124 was amended and paragraph 84A was added by [draft] IPSAS [X] (ED 79) issued in [Month] [Year]. An entity shall apply this amendment for annual financial statements covering periods beginning on or after [Month] [Day] [Year]. Earlier application

is encouraged. If an entity applies the amendments for a period beginning before [Month] [Day] [Year] it shall disclosure that fact and apply [draft] IPSAS [X] (ED 79) at the same time.

...

Basis for Conclusions

This Basis for Conclusions accompanies, but is not part of, [draft] IPSAS [X] (ED 79), Non-current Assets Held for Sale and Discontinued Operations.

Objective

- BC1. This Basis for Conclusions summarizes the IPSASB's considerations in reaching the conclusions in [draft] IPSAS [X] (ED 79), *Non-current Assets Held for Sale and Discontinued Operations*. This Standard is based on IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations* issued by the International Accounting Standards Board (IASB). The Basis for Conclusions outlines only those areas where [draft] IPSAS [X] (ED 79) departs from the requirements of IFRS 5.

Background

- BC2. IFRS 5 was issued by the IASB in March 2004 and its objective is to specify the accounting for non-current assets held for sale, and the presentation and disclosure of discontinued operations. Prior to the issuance of this [draft] Standard there were no equivalent requirements in IPSAS for the accounting for non-current assets held for sale.
- BC3. The IPSASB's *Strategy and Work Plan 2019-2023* identified a project to develop an IPSAS aligned with IFRS 5 as part of Theme B – 'Maintaining alignment with IFRS' which then led to the development of this [draft] Standard. The IPSASB approved the Project Brief for this [draft] Standard at the June 2020 IPSASB meeting.
- BC4. The IPSASB considered whether the title of this [draft] Standard should differ from IFRS 5 but decided that there was no public sector reason to do so.

Scope

- BC5. The IPSASB considered whether assets that are surplus to an entity's operational requirements, but where no decision as to their future (i.e., either sale, transfer, or scrap) has been taken, should be within the scope of this [draft] Standard. The IPSASB also considered whether non-current assets that are to be transferred, rather than sold, to another public sector entity should be within scope.
- BC6. IFRS 5 is intended to only apply to non-current assets that will be sold (although an exchange of non-current assets for other non-current assets that has commercial substance is considered a sale and within the scope of IFRS 5). For a non-current asset to be classified as held for sale, there are strict criteria to be met. Because surplus assets or assets to be transferred do not meet the criteria to be classified as held for sale, and these assets were not to be sold, the IPSASB decided that the scope should not be extended to include such assets.
- BC7. However, the Board decided that disclosures should be added to IPSAS 17, *Property, Plant, and Equipment* and IPSAS 31, *Intangible Assets* which require entities to disclose the carrying amount of surplus non-current assets and non-current assets that are to be transferred to other public sector entities.

Measurement

- BC8. The IPSASB considered whether there was any public sector reason to depart from the measurement requirements in IFRS 5. These requirements are that non-current assets classified

as held for sale are to be measured at the lower of carrying amount and fair value less costs to sell. The IPSASB discussed whether non-current assets classified as held for sale should only be measured at fair value because the purpose of holding such assets had changed from operational capacity to financial capacity and fair value might provide a more relevant value.

- BC9. The IPSASB noted that, in circumstances where assets are measured using the historical cost model and the carrying amount is lower than the fair value less costs to sell, an entity would need to recognize an increase in value either as revenue or as a gain on revaluation. The IPSASB concluded that such an increase in value did not meet the recognition criteria for revenue nor was recognition as a gain on revaluation appropriate under the historical cost model. Further, this situation would not be unique to the public sector and so there was no reason to depart from the measurement requirement of IFRS 5 for this [draft] Standard.
- BC10. The IPSASB also considered whether the measurement requirements in IFRS 5 should be adapted so that non-current assets that are to be sold in a negotiated agreement at a value other than fair value (for policy reasons) should be measured at the lower of carrying amount and net selling price. The IPSASB noted that private sector entities also sell assets at amounts other than fair value, and so there is no public sector reason to depart from the requirements of IFRS 5.

Disclosure

- BC11. The IPSASB decided that in the public sector transparency and accountability are important when an entity decides to sell non-current assets. Therefore, when an asset is classified as held for sale and measured at a carrying amount lower than fair value, disclosure of the asset's fair value in the notes to the financial statements provides users with information that holds decision makers accountable.

IMPLEMENTATION GUIDANCE

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—GUIDANCE ON IMPLEMENTING

IFRS 5 NON-CURRENT ASSETS HELD FOR SALE

AND DISCONTINUED OPERATIONS

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Implementation Guidance

Guidance on implementing IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

This guidance accompanies, but is not part of, ~~IFRS 5[draft]~~ IPSAS [X] (ED 79).

Availability for immediate sale (paragraph 12)

To qualify for classification as held for sale, a non-current asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) (paragraph 12). A non-current asset (or disposal group) is available for immediate sale if an entity currently has the intention and ability to transfer the asset (or disposal group) to a buyer in its present condition. Examples 1–3 illustrate situations in which the criterion in paragraph 12 would or would not be met.

Example 1

A ~~government~~ entity is committed to a plan to sell its headquarters building and has initiated actions to locate a buyer.

- (a) The entity intends to transfer the building to a buyer after it vacates the building. The time necessary to vacate the building is usual and customary for sales of such assets. The criterion in paragraph 12 would be met at the plan commitment date.
- (b) The entity will continue to use the building until construction of a new headquarters building is completed. The entity does not intend to transfer the existing building to a buyer until after construction of the new building is completed (and it vacates the existing building). The delay in the timing of the transfer of the existing building imposed by the entity (seller) demonstrates that the building is not available for immediate sale. The criterion in paragraph 12 would not be met until construction of the new building is completed, even if a firm purchase commitment for the future transfer of the existing building is obtained earlier.

Example 2

A ~~government~~ entity is committed to a plan to sell a ~~road repair facility~~ ~~manufacturing facility~~ and has initiated actions to locate a buyer. At the plan commitment date, there is a backlog of uncompleted ~~customer orders~~ ~~government road repair orders~~.

- (a) The ~~government~~ entity intends to sell the ~~manufacturing road repair~~ facility with its operations. Any uncompleted ~~customer government road repair~~ orders at the sale date will be transferred to the buyer ~~and the buyer will repair government roads on a contract basis~~. The transfer of uncompleted ~~customer government road repair~~ orders at the sale date will not affect the timing of the transfer of the facility. The criterion in paragraph 12 would be met at the plan commitment date.
- (b) The ~~government~~ entity intends to sell the ~~manufacturing road repair~~ facility, but without its ~~operations~~ ~~existing road repair orders~~. The ~~government~~ entity does not intend to transfer the facility to a buyer until after ~~it ceases all operations of the facility and eliminates~~ the backlog of uncompleted ~~government road repair customer~~ orders ~~are fulfilled~~. The delay in the timing of the transfer of the facility imposed by the entity (seller) demonstrates that the facility is not available for immediate sale. The criterion in paragraph 12 would not be met until ~~the operations of the facility~~

~~cease~~ government road repair orders are completed, even if a firm purchase commitment for the future transfer of the facility were obtained earlier.

Example 3

An ~~government~~ entity ~~acquires-seizes, due to failure to pay taxes, through foreclosure~~ a property comprising land and buildings that it intends to sell.

- (a) The ~~government~~ entity does not intend to transfer the property to a buyer until after it completes renovations to increase the property's sales value. The delay in the timing of the transfer of the property imposed by the ~~government~~ entity (seller) demonstrates that the property is not available for immediate sale. The criterion in paragraph 12 would not be met until the renovations are completed.
- (b) After the renovations are completed and the property is classified as held for sale but before a firm purchase commitment is obtained, the ~~government~~ entity becomes aware of environmental damage requiring remediation. The ~~government~~ entity still intends to sell the property. However, the ~~government~~ entity does not have the ability to transfer the property to a buyer until after the remediation is completed. The delay in the timing of the transfer of the property imposed by others before a firm purchase commitment is obtained demonstrates that the property is not available for immediate sale. The criterion in paragraph 12 would not continue to be met. The property would be reclassified as held and used in accordance with paragraph 34.

Completion of sale expected within one year (paragraph 13)

Example 4

To qualify for classification as held for sale, the sale of a non-current asset (or disposal group) must be highly probable (paragraph 12), and transfer of the asset (or disposal group) must be expected to qualify for recognition as a completed sale within one year (paragraph 13). That criterion would not be met if, for example:

- (a) an ~~government~~ entity ~~that is the central facility that supplies computer equipment to the individual departmental agencies. It is holding obsolete equipment but whether this equipment will be sold to employees or donated to a not-for-profit entity a commercial leasing and finance company is holding for sale or lease equipment that has recently ceased to be leased and the ultimate form of a future transaction (sale or lease)~~ has not yet been determined.
- (b) an ~~government~~ entity is committed to a plan to 'sell' a property that is in use as part of a sale and leaseback transaction, but the transfer does not qualify to be accounted for as a sale in accordance with paragraph 95 of ~~IFRS 16[draft] IPSAS [X] (ED 75)~~. Leases and, instead, will be accounted for in accordance with paragraph 99 of ~~IFRS 16[draft] IPSAS [X] (ED 75)~~.

Exceptions to the criterion that the sale should be expected to be completed in one year (paragraphs 13 and AG1)

An exception to the one-year requirement in paragraph 13 applies in limited situations in which the period required to complete the sale of a non-current asset (or disposal group) will be (or has been) extended by events or circumstances beyond an entity's control and specified conditions are met (paragraphs 15 and AG1). Examples 5–7 illustrate those situations.

Example 5

An ~~government~~ entity in the power generating industry is committed to a plan to sell a disposal group that represents a significant portion of its regulated operations. The sale requires regulatory approval, which could extend the period required to complete the sale beyond one year. Actions necessary to obtain that

approval cannot be initiated until after a buyer is known and a firm purchase commitment is obtained. However, a firm purchase commitment is highly probable within one year. In that situation, the conditions in paragraph AG1(a) for an exception to the one-year requirement in paragraph 13 would be met.

Example 6

A government entity is committed to a plan to sell a government manufacturing facility in its present condition and classifies the facility as held for sale at that date. After a firm purchase commitment is obtained, the buyer's inspection of the property identifies environmental damage not previously known to exist. The government entity is required by the buyer to make good the damage, which will extend the period required to complete the sale beyond one year. However, the government entity has initiated actions to make good the damage, and satisfactory rectification of the damage is highly probable. In that situation, the conditions in paragraph AG1(b) for an exception to the one-year requirement in paragraph 13 would be met.

Example 7

A government entity is committed to a plan to sell a non-current asset and classifies the asset as held for sale at that date.

- (a) During the initial one-year period, the market conditions that existed at the date the asset was classified initially as held for sale deteriorate and, as a result, the asset is not sold by the end of that period. During that period, the entity actively solicited but did not receive any reasonable offers to purchase the asset and, in response, reduced the price. The asset continues to be actively marketed at a price that is reasonable given the change in market conditions, and the criteria in paragraphs 12 and 13 are therefore met. In that situation, the conditions in paragraph AG1(c) for an exception to the one-year requirement in paragraph 13 would be met. At the end of the initial one-year period, the asset would continue to be classified as held for sale.
- (b) During the following one-year period, market conditions deteriorate further, and the asset is not sold by the end of that period. The government entity believes that the market conditions will improve and has not further reduced the price of the asset. The asset continues to be held for sale, but at a price in excess of its current fair value. In that situation, the absence of a price reduction demonstrates that the asset is not available for immediate sale as required by paragraph 12. In addition, paragraph 13 also requires an asset to be marketed at a price that is reasonable in relation to its current fair value. Therefore, the conditions in paragraph AG1(c) for an exception to the one-year requirement in paragraph 13 would not be met. The asset would be reclassified as held and used in accordance with paragraph 34.

Determining whether an asset has been abandoned

Paragraphs 20 and 21 of the IFRS-Standard specify requirements for when assets are to be treated as abandoned. Example 8 illustrates when an asset has not been abandoned.

Example 8

An entity ceases to use an manufacturing plant storage facility because demand for its storage has declined. However, the plant storage facility is maintained in workable condition and it is expected that it will be brought back into use if demand picks up. The plant storage facility is not regarded as abandoned.

Presenting a discontinued operation that has been abandoned

Paragraph 20 of the IFRS-Standard prohibits assets that will be abandoned from being classified as held for sale. However, if the assets to be abandoned are a major line of business or geographical area of operations, they are reported in discontinued operations at the date at which they are abandoned. Example 9 illustrates this.

Example 9

In October 20X5 a ~~a~~ government entity decides to abandon all of its ~~cotton-millsammunition manufacturing facilities~~, which constitute a major line of business. All work stops at the ~~cotton-millsammunition factories~~ during the year ended 31 December 20X6. In the financial statements for the year ended 31 December 20X5, results and cash flows of the ~~cotton-millsammunition factories~~ are treated as continuing operations. In the financial statements for the year ended 31 December 20X6, the results and cash flows of the ~~cotton millsammunition~~ are treated as discontinued operations and the entity makes the disclosures required by paragraphs 42 and 43 of the IFRS.

Allocation of an impairment loss on a disposal group

Paragraph 31 of the IFRS requires an impairment loss (or any subsequent gain) ~~recognised-recognized~~ for a disposal group to reduce (or increase) the carrying amount of the non-current assets in the group that are within the scope of the measurement requirements of the ~~IFRSStandard~~, in the order of allocation set out in paragraphs ~~104-91~~ and ~~122-110~~ of ~~IAS 36 (as revised in 2004)~~IPSAS 26. Example 10 illustrates the allocation of an impairment loss on a disposal group.

Example 10

A government entity plans to dispose of a group of its assets (as an asset sale). The assets form a disposal group, and are measured as follows:

	Carrying amount at the end of the reporting period before classification as held for sale	Carrying amount as remeasured immediately before classification as held for sale
	CU^(a)	CU
Goodwill	1,500	1,500
Property, plant, and equipment (carried at revalued amounts)	4,600	4,000
Property, plant, and equipment (carried at cost)	5,700	5,700
Inventory	2,400	2,200
Investments in equity instruments	1,800	1,500
Total	16,000	14,900

11

The government entity ~~recognises-recognizes~~ the loss of CU1,100 (CU16,000 – CU14,900) immediately before classifying the disposal group as held for sale.

The government entity measures the fair value less costs to sell of the disposal group as CU13,000. Because an entity measures a disposal group classified as held for sale at the lower of its carrying amount

^{11(a)} In this guidance, monetary amounts are denominated in 'currency units (CU)'.

and fair value less costs to sell, the entity ~~recognises~~ recognizes an impairment loss of CU1,900 (CU14,900 – CU13,000) when the group is initially classified as held for sale.

The impairment loss is allocated to non-current assets to which the measurement requirements of the ~~IFRS Standard~~ are applicable. Therefore, no impairment loss is allocated to inventory and investments in equity instruments. The loss is allocated to the other assets in the order of allocation set out in paragraphs ~~104-91~~ and ~~122-110~~ of ~~IAS 36 (as revised in 2004)~~ IPSAS 26.

The allocation can be illustrated as follows:

	Carrying amount as remeasured immediately before classification as held for sale	Allocated impairment loss	Carrying amount after allocation of impairment loss
	CU	CU	CU
Goodwill	1,500	(1,500)	0
Property, plant, and equipment (carried at revalued amounts)	4,000	(165)	3,835
Property, plant, and equipment (carried at cost)	5,700	(235)	5,465
Inventory	2,200	–	2,200
Investments in equity instruments	1,500	–	1,500
Total	14,900	(1,900)	13,000

First, the impairment loss reduces any amount of goodwill. Then, the residual loss is allocated to other assets pro rata based on the carrying amounts of those assets.

Presenting discontinued operations in the statement of ~~comprehensive income~~ financial performance

Paragraph 42 of the ~~IFRS Standard~~ requires an entity to disclose a single amount in the statement of ~~comprehensive income~~ financial performance for discontinued operations with an analysis in the notes or in a section of the statement of ~~comprehensive income~~ financial performance separate from continuing operations. Example 11 illustrates how these requirements might be met.

Example 11

XYZ GROUP – STATEMENT OF ~~COMPREHENSIVE INCOME~~ FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 20X2 (illustrating the classification of expenses by function)

(in thousands of currency units) 20X2 20X1

Continuing operations

XYZ GROUP – STATEMENT OF ~~COMPREHENSIVE INCOME~~ FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 20X2 (illustrating the classification of expenses by function)

Revenue	X	X
Cost of sales <u>Taxes</u>	(X)	(X)
Gross profit <u>Fees, fines, penalties, and licences</u>	<u>X</u>	<u>X</u>
Other income <u>Revenue from exchange transactions</u>	X	X
Distribution costs <u>Transfers from other government entities</u>	(X)	(X)
Administrative expenses <u>Other revenue</u>	(X)	(X)
Other expenses <u>Total Revenue</u>	(X)	(X)
Finance costs <u>Expenses</u>	(X)	(X)
Share of profit of associates <u>General public services</u>	(X)	(X)
<u>Defense</u>	<u>(X)</u>	<u>(X)</u>
<u>Public order and safety</u>	<u>(X)</u>	<u>(X)</u>
<u>Education</u>	<u>(X)</u>	<u>(X)</u>
<u>Health</u>	<u>(X)</u>	<u>(X)</u>
<u>Social benefits</u>	<u>(X)</u>	<u>(X)</u>
<u>Other social protection</u>	<u>(X)</u>	<u>(X)</u>
<u>Housing and community amenities</u>	<u>(X)</u>	<u>(X)</u>
<u>Recreational, cultural, and religion</u>	<u>(X)</u>	<u>(X)</u>
<u>Economic affairs</u>	<u>(X)</u>	<u>(X)</u>
<u>Environmental protection</u>	<u>(X)</u>	<u>(X)</u>
<u>Other expenses</u>	<u>(X)</u>	<u>(X)</u>
<u>Finance costs</u>	<u>(X)</u>	<u>(X)</u>
<u>Total expenses</u>	<u>(X)</u>	<u>(X)</u>
 <u>Share of surplus of associates</u>	 <u>X</u>	 <u>X</u>
 Profit before tax <u>-</u>	 X	 X

XYZ GROUP – STATEMENT OF ~~COMPREHENSIVE INCOME~~ FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 20X2 (illustrating the classification of expenses by function)

Income tax expense	(X)	(X)
Profit Surplus/(deficit) for the period from continuing operations	<u>X</u>	<u>X</u>
Discontinued operations		
Profit for the period from discontinued operations ^(a)	X	X
Profit for the period	<u>X</u>	<u>X</u>
Attributable to:		
Owners of the parent		
Profit for the period from continuing operations	X	X
Profit for the period from discontinued operations	X	X
Profit for the period attributable to owners of the parent	<u>X</u>	<u>X</u>
Non-controlling interests		
Profit for the period from continuing operations	X	X
Profit for the period from discontinued operations	X	X
Profit for the period attributable to non-controlling interests	<u>X</u>	<u>X</u>
	<u>X</u>	<u>X</u>

12

Presenting non-current assets or disposal groups classified as held for sale

Paragraph 48 of the ~~IFRS Standard~~ requires an entity to present a non-current asset classified as held for sale and the assets of a disposal group classified as held for sale separately from other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are also presented separately from other liabilities in the statement of financial position. Those assets and liabilities are not offset and presented as a single amount. Example 12 illustrates these requirements.

Example 12

At the end of 20X5, an ~~an~~ government entity decides to dispose of part of its assets (and directly associated liabilities). The disposal, which meets the criteria in paragraphs 12 and 13 to be classified as held for sale, takes the form of two disposal groups, as follows:

12^(a) The required analysis would be given in the notes.

	Carrying amount after classification as held for sale	
	Disposal group I: CU	Disposal group II: CU
Property, plant, and equipment	4,900	1,700
Investments in equity instruments	1,400 ^(a)	—
Liabilities	(2,400)	(900)
Net carrying amount of disposal group	3,900	800

13

The presentation in the entity's statement of financial position of the disposal groups classified as held for sale can be shown as follows:

	20X5	20X4
ASSETS		
Non-current assets		
AAA	X	X
BBB	X	X
CCC	X	X
	<u>X</u>	<u>X</u>
Current assets		
DDD	X	X
EEE	X	X
	<u>X</u>	<u>X</u>
Non-current assets classified as held for sale	<u>8,000</u>	<u>—</u>
	X	X
Total assets	<u>X</u>	<u>X</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
FFF	X	X
GGG	X	X
Amounts recognised recognized in other comprehensive income statement of changes in net assets/equity and accumulated in equity relating to non-current assets held for sale	<u>400</u>	<u>—</u>

13^(a) An amount of CU400 relating to these assets has been ~~recognised~~ recognized in ~~other comprehensive income~~ the statement of changes in net assets/equity and accumulated in equity.

	20X5	20X4
	X	X
Non-controlling interests	<u>X</u>	<u>X</u>
Total equity	<u>X</u>	<u>X</u>
Non-current liabilities		
HHH	X	X
III	X	X
JJJ	<u>X</u>	<u>X</u>
	<u>X</u>	<u>X</u>
Current liabilities		
KKK	X	X
LLL	X	X
MMM	<u>X</u>	<u>X</u>
Liabilities directly associated with non-current assets classified as held for sale	<u>3,300</u>	<u>–</u>
	<u>X</u>	<u>X</u>
Total liabilities	<u>X</u>	<u>X</u>
Total equity and liabilities	<u>X</u>	<u>X</u>

The presentation requirements for assets (or disposal groups) classified as held for sale at the end of the reporting period do not apply retrospectively. The comparative statements of financial position for any previous periods are therefore not re-presented.

Measuring and presenting subsidiaries-controlled entities acquired with a view to resale and classified as held for sale

A subsidiary-controlled entity acquired with a view to sale is not exempt from consolidation in accordance with IFRS 10 IPSAS 35, *Consolidated Financial Statements*, unless the acquirer is an investment entity, as defined in IFRS 10 IPSAS 35, and is required to measure the investment in that subsidiary-controlled entity at fair value through profit or loss surplus or deficit. However, if it meets the criteria in paragraph 17, it is presented as a disposal group classified as held for sale. Example 13 illustrates these requirements.

Example 13

Entity A acquires an entity H, which is a holding company with two subsidiaries-controlled entities, S1 and S2. S2 is acquired exclusively with a view to sale and meets the criteria to be classified as held for sale. In accordance with paragraph 41(c), S2 is also a discontinued operation.

The fair value less costs to sell of S2 is CU135. A accounts for S2 as follows:

- Initially, A measures the identifiable liabilities of S2 at fair value, say at CU40
- Initially, A measures the acquired assets as the fair value less costs to sell of S2 (CU135) plus the fair value of the identifiable liabilities (CU40), i.e., at CU175

- Aat the end of the reporting period, A remeasures the disposal group at the lower of its cost and fair value less costs to sell, say at CU130. The liabilities are remeasured in accordance with applicable ~~IFRSs~~IPSAS, say at CU35. The total assets are measured at CU130 + CU35, i.e., at CU165
- Aat the end of the reporting period, A presents the assets and liabilities separately from other assets and liabilities in its consolidated financial statements as illustrated in Example 12 *Presenting non-current assets or disposal groups classified as held for sale*, and
- In the statement of ~~comprehensive income~~financial position, A presents the total of the post-tax ~~profit or loss~~surplus or deficit of S2 and the post-tax gain or loss ~~recognised~~recognized on the subsequent remeasurement of S2, which equals the remeasurement of the disposal group from CU135 to CU130.

Further analysis of the assets and liabilities or of the change in value of the disposal group is not required.

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(Back cover)

Other Public Sector Amendments to IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*

2. This paper is for information only and indicates which words and formatting changes were made to IFRS 5 in the development of [draft] IPSAS [X] (ED 79), *Non-current Assets Held for Sale and Discontinued Operations*.

Public Sector Terminology

3. The following terminology changes are proposed to maintain consistency with existing IPSAS:

IFRS 5	[draft] ED 79
business	operation
business combination	public sector combination
IFRS	IPSAS
income	revenue
profit or loss	Surplus or deficit
shareholder	owner
statement of comprehensive income	statement of financial performance
other comprehensive income	Statement of changes in net assets/equity
subsidiary	controlled entity

These proposals are incorporated into [draft] ED 79.

IPSASB Formatting

4. The following formatting changes are proposed to maintain consistency with existing IPSAS. These include, but are not limited to:

IFRS	IPSAS
British spelling	American spelling
Definitions as an appendix	Definitions in the core text
List punctuation inconsistent	List punctuation consistent
Lower case for sub-bullets	Upper case for sub-bullets
References to other IFRS	References to other IPSAS

These proposals are incorporated into [draft] ED 79.