

**Compiled AASB Standard**

**AASB 5**

# **Non-current Assets Held for Sale and Discontinued Operations**

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**FOR NOT-FOR-PROFIT (NFP) ENTITIES ONLY**

This compiled Standard applies to annual reporting periods beginning on or after 1 July 2013 but before 1 January 2014. Early application is permitted. It incorporates relevant amendments made up to and including 18 December 2012.

Prepared on 3 October 2013 by the staff of the Australian Accounting Standards Board.



**Australian Government**

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**AASB 5-compiled (NFP)**

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BASIS FOR CONCLUSIONS ON IFRS 5  
(available on the AASB website)

Australian Accounting Standard AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* (as amended) is set out in paragraphs 1 – 44I and in Appendices A – B. All the paragraphs have equal authority. Paragraphs in **bold type** state the main principles. Terms defined in this Standard are in *italics* the first time they appear in the Standard. AASB 5 is to be read in the context of other Australian Accounting Standards, including AASB 1048 *Interpretation of Standards*, which identifies the Australian Accounting Interpretations. In the absence of explicit guidance, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* provides a basis for selecting and applying accounting policies.

## COMPILATION DETAILS

### **Accounting Standard AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* as amended**

This compiled Standard applies to annual reporting periods beginning on or after 1 July 2013 but before 1 January 2014 for not-for-profit entities. It takes into account amendments up to and including 18 December 2012 and was prepared on 3 October 2013 by the staff of the Australian Accounting Standards Board (AASB).

This compilation is not a separate Accounting Standard made by the AASB. Instead, it is a representation of AASB 5 (July 2004) as amended by other Accounting Standards, which are listed in the Table below.

#### **Table of Standards**

<b>Standard</b>	<b>Date made</b>	<b>Application date (annual reporting periods ... on or after ...)</b>	<b>Application, saving or transitional provisions</b>
AASB 5	15 Jul 2004	<i>(beginning)</i> 1 Jan 2005	
AASB 2007-3	26 Feb 2007	<i>(beginning)</i> 1 Jan 2009	see (a) below
AASB 2007-4	30 Apr 2007	<i>(beginning)</i> 1 Jul 2007	see (b) below
AASB 2007-7	28 Jun 2007	<i>(beginning)</i> 1 Jul 2007	see (b) below
AASB 2007-8	24 Sep 2007	<i>(beginning)</i> 1 Jan 2009	see (c) below
AASB 2007-9	13 Dec 2007	<i>(beginning)</i> 1 Jul 2008	see (d) below
AASB 2007-10	13 Dec 2007	<i>(beginning)</i> 1 Jan 2009	see (c) below
AASB 2008-3	6 Mar 2008	<i>(beginning)</i> 1 Jul 2009	see (e) below
AASB 2008-5	24 Jul 2008	<i>(beginning)</i> 1 Jan 2009	see (f) below
AASB 2008-6	24 Jul 2008	<i>(beginning)</i> 1 Jul 2009	see (g) below
AASB 2008-13	18 Dec 2008	<i>(beginning)</i> 1 Jul 2009	see (h) below
AASB 2009-5	21 May 2009	<i>(beginning)</i> 1 Jan 2010	see (i) below
AASB 2009-6	25 Jun 2009	<i>(beginning)</i> 1 Jan 2009 and <i>(ending)</i> 30 Jun 2009	see (j) below
AASB 2009-7	25 Jun 2009	<i>(beginning)</i> 1 Jul 2009	see (k) below
AASB 2009-12	15 Dec 2009	<i>(beginning)</i> 1 Jan 2011	see (l) below
AASB 2010-2	30 Jun 2010	<i>(beginning)</i> 1 Jul 2013	see (m) below
AASB 2010-5	27 Oct 2010	<i>(beginning)</i> 1 Jan 2011	see (l) below
AASB 2010-7	6 Dec 2010	<i>(beginning)</i> 1 Jan 2015	not compiled*
AASB 2011-1	11 May 2011	<i>(beginning)</i> 1 Jul 2011	see (n) below
AASB 2011-7	29 Aug 2011	<i>(beginning)</i> 1 Jan 2014	not compiled*

<b>Standard</b>	<b>Date made</b>	<b>Application date (<i>annual reporting periods ... on or after ...</i>)</b>	<b>Application, saving or transitional provisions</b>
AASB 2011-8	2 Sep 2011	( <i>beginning</i> ) 1 Jan 2013	see (o) below
AASB 2011-9	5 Sep 2011	( <i>beginning</i> ) 1 Jul 2012	see (p) below
AASB 2012-10	18 Dec 2012	( <i>beginning</i> ) 1 Jan 2013	see (q) below

- \* The amendments made by this Standard are not included in this compilation, which presents the principal Standard as applicable to annual reporting periods beginning on or after 1 July 2013 but before 1 January 2014 for not-for-profit entities.
- (a) Entities may elect to apply this Standard to annual reporting periods beginning on or after 1 January 2005 but before 1 January 2009, provided that AASB 8 *Operating Segments* is also applied to such periods.
- (b) Entities may elect to apply this Standard to annual reporting periods beginning on or after 1 January 2005 but before 1 July 2007.
- (c) Entities may elect to apply this Standard to annual reporting periods beginning on or after 1 January 2005 but before 1 January 2009, provided that AASB 101 *Presentation of Financial Statements* (September 2007) is also applied to such periods.
- (d) Entities may elect to apply this Standard to annual reporting periods beginning on or after 1 January 2005 but before 1 July 2008, provided that the Standards and Interpretation listed in paragraph 6 of AASB 2007-9 are also applied to such periods.
- (e) Entities may elect to apply this Standard to annual reporting periods beginning on or after 30 June 2007 but before 1 July 2009, provided that AASB 3 *Business Combinations* (March 2008) and AASB 127 *Consolidated and Separate Financial Statements* (March 2008) are also applied to such periods.
- (f) Paragraph 11 of this Standard specifies application provisions. Entities may elect to apply this Standard, or its amendments to individual Standards, to annual reporting periods beginning on or after 1 January 2005 but before 1 January 2009.
- (g) Entities may elect to apply this Standard to annual reporting periods beginning on or after 1 January 2005 but before 1 July 2009, provided that AASB 127 *Consolidated and Separate Financial Statements* (March 2008) is also applied to such periods.
- (h) Entities may elect to apply this Standard to annual reporting periods beginning on or after 1 January 2005 but before 1 July 2009, provided that AASB Interpretation 17 *Distributions of Non-cash Assets to Owners* is also applied to such periods.
- (i) Entities may elect to apply this Standard, or its amendments to individual Standards, to annual reporting periods beginning on or after 1 January 2005 but before 1 January 2010.
- (j) Entities may elect to apply this Standard to annual reporting periods beginning on or after 1 January 2005 but before 1 January 2009, provided that AASB 101 *Presentation of Financial Statements* (September 2007) is also applied to such periods, and to annual reporting periods beginning on or after 1 January 2009 that end before 30 June 2009.

- (k) Entities may elect to apply this Standard to annual reporting periods beginning before 1 July 2009 that end on or after 1 July 2008.
- (l) Entities may elect to apply this Standard to annual reporting periods beginning on or after 1 January 2005 but before 1 January 2011.
- (m) Entities may elect to apply this Standard to annual reporting periods beginning on or after 1 July 2009 but before 1 July 2013, provided that AASB 1053 *Application of Tiers of Australian Accounting Standards* is also applied to such periods.
- (n) Entities may elect to apply this Standard, or its amendments to individual pronouncements, to annual reporting periods beginning on or after 1 January 2005 but before 1 July 2011, provided that AASB 1054 *Australian Additional Disclosures* is, or its relevant individual disclosure requirements are, also applied to such periods.
- (o) AASB 2011-8 has been amended by AASB 2011-10 (made 5 September 2011) and AASB 2012-6 (made 10 September 2012).  
Entities may elect to apply this Standard to annual reporting periods beginning on or after 1 January 2005 but before 1 January 2013, provided that AASB 13 *Fair Value Measurement* is also applied to such periods.
- (p) Entities may elect to apply this Standard to annual reporting periods beginning on or after 1 January 2005 but before 1 July 2012.
- (q) Entities may elect to apply this Standard to annual reporting periods beginning on or after 1 January 2005 but before 1 January 2013.

## Table of Amendments

Paragraph affected	How affected	By ... [paragraph]
1	amended	AASB 2007-8 [6]
Aus1.1	amended	AASB 2007-8 [7, 8]
Aus1.4	amended	AASB 2007-8 [8]
Aus1.8	amended deleted	AASB 2007-8 [8] AASB 2011-1 [9]
Aus1.9-Aus1.10 (and preceding heading)	added	AASB 2010-2 [17]
2 (footnote)	amended amended	AASB 2007-8 [6] AASB 2010-5 [19]
Aus2.1-Aus2.4	amended	AASB 2007-9 [11]
5	amended	AASB 2008-5 [10]
5A	added amended	AASB 2008-13 [5] AASB 2009-7 [7]
5B	added	AASB 2009-5 [8]
6 (preceding heading)	amended	AASB 2008-13 [6]
8	amended	AASB 2008-13 [7]
8A	added	AASB 2008-6 [9]

<b>Paragraph affected</b>	<b>How affected</b>	<b>By ... [paragraph]</b>
12	amended amended amended	AASB 2007-8 [6] AASB 2007-10 [35, 36] AASB 2009-12 [9]
12A	added	AASB 2008-13 [8]
15A	added	AASB 2008-13 [9]
28	amended amended	AASB 2007-4 [22] AASB 2007-8 [23]
30	amended	AASB 2007-10 [36]
33	amended amended amended	AASB 2007-8 [6] AASB 2008-3 [17] AASB 2012-10 [18]
33A	added amended	AASB 2007-8 [24] AASB 2011-9 [12]
34	amended amended	AASB 2007-8 [6] AASB 2007-10 [36]
36A	added	AASB 2008-6 [9]
38	amended	AASB 2007-8 [6, 25]
40	amended	AASB 2007-8 [6]
41	amended amended	AASB 2007-3 [7] AASB 2007-8 [6]
Aus42.1	added	AASB 2007-4 [21]
43	added amended	AASB 2007-4 [21] AASB 2007-7 [10]
44A	note added	AASB 2007-8 [26]
44B	note added	AASB 2008-3 [18]
Aus44B.1 (and preceding heading)	added amended	AASB 2008-3 [19] AASB 2008-6 [10]
44C	added	AASB 2008-6 [11]
44D	amended	AASB 2009-7 [8]
Aus44D	added renumbered as 44D	AASB 2008-13 [10] AASB 2009-7 [8]
44E	added	AASB 2009-5 [8]
44H	added	AASB 2011-8 [22]
44I	added	AASB 2011-9 [12]
Appendix A, definition of 'current asset'	amended amended	AASB 2007-8 [27] AASB 2009-6 [30]
Appendix A, definition of 'fair value'	amended	AASB 2011-8 [12]



## **COMPARISON WITH IFRS 5**

### **AASB 5 and IFRS 5**

*AASB 5 Non-current Assets Held for Sale and Discontinued Operations* as amended incorporates *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations* as issued and amended by the International Accounting Standards Board (IASB). Paragraphs that have been added to this Standard (and do not appear in the text of IFRS 5) are identified with the prefix “Aus”, followed by the number of the preceding IASB paragraph and decimal numbering.

### **Compliance with IFRS 5**

Entities that comply with AASB 5 as amended will simultaneously be in compliance with IFRS 5 as amended, except for government-controlled entities that restructure administrative arrangements or administered activities and entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.

## **ACCOUNTING STANDARD AASB 5**

The Australian Accounting Standards Board made Accounting Standard AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* under section 334 of the *Corporations Act 2001* on 15 July 2004.

This compiled version of AASB 5 applies to annual reporting periods beginning on or after 1 July 2013 but before 1 January 2014 for not-for-profit entities. It incorporates relevant amendments contained in other AASB Standards made by the AASB up to and including 18 December 2012 (see Compilation Details).

## **ACCOUNTING STANDARD AASB 5**

### ***NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS***

#### **Objective**

- 1 The objective of this Standard is to specify the accounting for assets held for sale, and the presentation and disclosure of *discontinued operations*. In particular, the Standard requires:
  - (a) 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 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.

#### **Application**

**Aus1.1 This Standard applies to:**

- (a) **each entity that is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act and that is a reporting entity;**
- (b) **general purpose financial statements of each other reporting entity; and**

- (c) **financial statements that are, or are held out to be, general purpose financial statements.**

**Aus1.2 This Standard applies to annual reporting periods beginning on or after 1 January 2005.**

[Note: For application dates of paragraphs changed or added by an amending Standard, see Compilation Details.]

**Aus1.3 This Standard shall not be applied to annual reporting periods beginning before 1 January 2005.**

**Aus1.4 The requirements specified in this Standard apply to the financial statements where information resulting from their application is material in accordance with AASB 1031 *Materiality*.**

**Aus1.5 When applicable, this Standard supersedes AASB 1042 *Discontinuing Operations* as notified in the *Commonwealth of Australia Gazette* No S 456, 22 August 2000.**

Aus1.6 AASB 1042 remains applicable until superseded by this Standard.

Aus1.7 Notice of this Standard was published in the *Commonwealth of Australia Gazette* No S 294, 22 July 2004.

### **Reduced disclosure requirements**

**Aus1.9 The following do not apply to entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements:**

- (a) **paragraphs 33(b), 33(d), 41(d) and 42; and**
- (b) **the second and third sentence in paragraph 35, including paragraphs 35(a)-(c).**

**Entities applying Australian Accounting Standards – Reduced Disclosure Requirements may elect to comply with some or all of these excluded requirements.**

Aus1.10 The requirements that do not apply to entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements are identified in this Standard by shading of the relevant text.

## Scope

2 The classification and presentation requirements of this Standard apply to all recognised *non-current assets*<sup>1</sup> and to all *disposal groups* of an entity. The measurement requirements of this Standard apply to all recognised non-current assets and disposal groups (as set out in paragraph 4), except for those assets listed in paragraph 5 which shall continue to be measured in accordance with the Standard noted.

**Aus2.1 The requirements in this Standard do not apply to:**

- (a) the restructuring of administrative arrangements; and**
- (b) the restructuring of administered activities of government departments.**

Aus2.2 AASB 1004 *Contributions* includes requirements for the disclosure of assets, liabilities and items of equity resulting from the restructuring of administrative arrangements.

Aus2.3 An administered activity of a government department does not give rise to income and expenses of the department reporting the administered activity (see AASB 1050 *Administered Items*) and therefore, from the point of view of the department, the discontinuance of an administered activity does not give rise to a discontinued operation. However, if a government were to discontinue an activity that one of its departments had disclosed as an administered activity, from the point of view of that government the discontinuance may constitute a discontinued operation.

Aus2.4 Although AASB 3 *Business Combinations* contains requirements relating to the restructuring of local governments, these requirements only apply to the local government receiving assets or liabilities as a result of the restructuring. This Standard applies to the local government transferring assets and liabilities where the restructuring results in a discontinued operation of the transferor local government.

3 Assets classified as non-current in accordance with AASB 101 *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 Standard. Assets of a class that an entity

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<sup>1</sup> 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 3 applies to the classification of such assets.

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 Standard.

- 4 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 unit<sup>2</sup>. The group may include any assets and any liabilities of the entity, including current assets, current liabilities and assets excluded by paragraph 5 from the measurement requirements of this Standard. If a non-current asset within the scope of the measurement requirements of this Standard is part of a disposal group, the measurement requirements of this 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 requirements for measuring the individual assets and liabilities within the disposal group are set out in paragraphs 18, 19 and 23.
- 5 The measurement provisions of this Standard<sup>3</sup> do not apply to the following assets, which are covered by the Australian Accounting Standards listed, either as individual assets or as part of a disposal group:
  - (a) deferred tax assets (AASB 112 *Income Taxes*);
  - (b) assets arising from employee benefits (AASB 119 *Employee Benefits*);
  - (c) financial assets within the scope of AASB 139 *Financial Instruments: Recognition and Measurement*;
  - (d) non-current assets that are accounted for in accordance with the fair value model in AASB 140 *Investment Property*;
  - (e) non-current assets that are measured at fair value less costs to sell in accordance with AASB 141 *Agriculture*; and
  - (f) contractual rights under insurance contracts as defined in AASB 4 *Insurance Contracts*.

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2 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.

3 Other than paragraphs 18 and 19, which require the assets in question to be measured in accordance with other applicable Australian Accounting Standards.

- 5A The classification, presentation and measurement requirements in this 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).
- 5B This 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 Standards do not apply to such assets (or disposal groups) unless those Standards require:
- (a) specific disclosures in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations; or
  - (b) disclosures about measurement of assets and liabilities within a disposal group that are not within the scope of the measurement requirement of AASB 5 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 AASB 101, in particular paragraphs 15 and 125 of that Standard.

### **Classification of Non-current Assets (or Disposal Groups) as Held for Sale or as Held for Distribution to Owners**

- 6 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.**
- 7 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*.
- 8 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 program 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 9, 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' approval (if required in the jurisdiction) should be considered as part of the assessment of whether the sale is highly probable.

- 8A An entity that is committed to a sale plan involving loss of control of a subsidiary shall classify all the assets and liabilities of that subsidiary as held for sale when the criteria set out in paragraphs 6-8 are met, regardless of whether the entity will retain a non-controlling interest in its former subsidiary after the sale.
- 9 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 are met.
- 10 Sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance in accordance with AASB 116 *Property, Plant and Equipment*.
- 11 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 8 is met (except as permitted by paragraph 9) and it is highly probable that any other criteria in paragraphs 7 and 8 that are not met at that date will be met within a short period following the acquisition (usually within three months).
- 12 If the criteria in paragraphs 7 and 8 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 of the financial statements for issue, the entity shall disclose the information specified in paragraph 41(a), (b) and (d) in the notes.
- 12A 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' 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**

- 13 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 32(a)-(c), the entity shall present the results and cash flows of the disposal group as discontinued operations in accordance with paragraphs 33 and 34 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.
- 14 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)**

- 15 **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.**
- 15A **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<sup>4</sup>.**
- 16 If a newly acquired asset (or disposal group) meets the criteria to be classified as held for sale (see paragraph 11), applying paragraph 15 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, cost) and fair value less costs to sell. Hence, if

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<sup>4</sup> Costs to distribute are the incremental costs directly attributable to the distribution, excluding finance costs and income tax expense.



the asset (or disposal group) is acquired as part of a business combination, it shall be measured at fair value less costs to sell.

- 17 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 as a financing cost.
- 18 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 Australian Accounting Standards.
- 19 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 Standard, but are included in a disposal group classified as held for sale, shall be remeasured in accordance with applicable Australian Accounting Standards before the fair value less costs to sell of the disposal group is remeasured.

### **Recognition of impairment losses and reversals**

- 20 An entity shall recognise 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 in accordance with paragraph 19.
- 21 An entity shall recognise 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 either in accordance with this Standard or previously in accordance with AASB 136 *Impairment of Assets*.
- 22 An entity shall recognise a gain for any subsequent increase in fair value less costs to sell of a disposal group:
  - (a) to the extent that it has not been recognised in accordance with paragraph 19; but
  - (b) not in excess of the cumulative impairment loss that has been recognised, either in accordance with this Standard or previously in accordance with AASB 136, on the non-current assets that are within the scope of the measurement requirements of this Standard.
- 23 The impairment loss (or any subsequent gain) recognised 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 Standard, in the order of allocation set out in paragraphs 104(a) and (b) and 122 of AASB 136.

- 24 A gain or loss not previously recognised by the date of the sale of a non-current asset (or disposal group) shall be recognised at the date of derecognition. Requirements relating to derecognition are set out in:
- (a) paragraphs 67-72 of AASB 116 for property, plant and equipment; and
  - (b) paragraphs 112-117 of AASB 138 *Intangible Assets* for intangible assets.
- 25 An entity shall not depreciate (or amortise) 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.

### **Changes to a plan of sale**

- 26 If an entity has classified an asset (or disposal group) as held for sale, but the criteria in paragraphs 7-9 are no longer met, the entity shall cease to classify the asset (or disposal group) as held for sale.
- 27 The entity shall measure a non-current asset that ceases to be classified as held for sale (or ceases to be included in a disposal group classified as held for sale) at the lower of:
- (a) its carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset (or disposal group) not been classified as held for sale; and
  - (b) its *recoverable amount* at the date of the subsequent decision not to sell.<sup>5</sup>
- 28 The entity shall include any required adjustment to the carrying amount of a non-current asset that ceases to be classified as held for

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<sup>5</sup> If the non-current asset is part of a cash-generating unit, its recoverable amount is the carrying amount that would have been recognised after the allocation of any impairment loss arising on that cash-generating unit in accordance with AASB 136.

sale in profit or loss<sup>6</sup> from continuing operations in the period in which the criteria in paragraphs 7-9 are no longer met. The entity shall present that adjustment in the same caption in the statement of comprehensive income used to present a gain or loss, if any, recognised in accordance with paragraph 37.

- 29 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 7-9. Otherwise, the remaining non-current assets of the group that individually meet the criteria to be classified as held for sale shall be measured individually at the lower of their carrying amounts and fair values less costs to sell at that date. Any non-current assets that do not meet the criteria shall cease to be classified as held for sale in accordance with paragraph 26.

## Presentation and Disclosure

- 30 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

- 31 *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.
- 32 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 a separate major line of business or geographical area of operations;
  - (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
  - (c) is a subsidiary acquired exclusively with a view to resale.

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<sup>6</sup> Unless the asset is property, plant and equipment or an intangible asset that had been revalued in accordance with AASB 116 or AASB 138 before classification as held for sale, in which case the adjustment shall be treated as a revaluation increase or decrease.

33 An entity shall disclose:

- (a) a single amount in the statement of comprehensive income comprising the total of:
  - (i) the post-tax profit or loss of discontinued operations; and
  - (ii) the post-tax gain or loss recognised 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 analysis of the single amount in (a) into:

- (i) the revenue, expenses and pre-tax profit or loss of discontinued operations;
- (ii) the related income tax expense as required by paragraph 81(h) of AASB 112; and
- (iii) the gain or loss recognised 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.

The analysis may be presented in the notes or in the statement of comprehensive income. If it is presented in the statement of comprehensive income it shall be presented in a section identified as relating to discontinued operations, that is, separately from continuing operations. The analysis is not required for disposal groups that are newly acquired subsidiaries that meet the criteria to be classified as held for sale on acquisition (see paragraph 11).

- (c) 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 that meet the criteria to be classified as held for sale on acquisition (see paragraph 11).

(d) the amount of income 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

- 33A If an entity presents the items of profit or loss in a separate statement as described in paragraph 10A of AASB 101 (as amended in 2011), a section identified as relating to discontinued operations is presented in that statement.
- 34 An entity shall re-present the disclosures in paragraph 33 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.
- 35 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 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 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; and
  - (c) the settlement of employee benefit plan obligations, provided that the settlement is directly related to the disposal transaction.
- 36 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 33-35 shall be reclassified and included in income from continuing operations for all periods presented. The amounts for prior periods shall be described as having been re-presented.
- 36A An entity that is committed to a sale plan involving loss of control of a subsidiary shall disclose the information required in paragraphs 33-36 when the subsidiary is a disposal group that meets the definition of a discontinued operation in accordance with paragraph 32.

### **Gains or losses relating to continuing operations**

- 37 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 from continuing operations.

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

- 38 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 39. An entity shall present separately any cumulative income or expense recognised in other comprehensive income relating to a non-current asset (or disposal group) classified as held for sale.
- 39 If the disposal group is a newly acquired subsidiary that meets the criteria to be classified as held for sale on acquisition (see paragraph 11), disclosure of the major classes of assets and liabilities is not required.
- 40 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**

- 41 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 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 gain or loss recognised in accordance with paragraphs 20-22 and, if not separately presented in the statement of comprehensive income, the caption in the statement of comprehensive income that includes that gain or loss; and

(d) if applicable, the reportable segment in which the non-current asset (or disposal group) is presented in accordance with AASB 8 *Operating Segments*.

42 If either paragraph 26 or paragraph 29 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

Aus42.1 The following transitional paragraph shall not be applied by entities that have previously applied this Standard, unless required to do so by another Australian equivalent to IFRSs.

43 The 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 application date of the Standard. An entity may apply the requirements of the 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 application date of the Standard, provided the valuations and other information needed to apply the Standard were obtained at the time those criteria were originally met.

## Effective Date

44 [Deleted by the AASB]

44A [Deleted by the AASB]

44B [Deleted by the AASB]

Aus44B.1 AASB 2008-3 *Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127* added the disclosures required by paragraph 33(d). The amendment shall be applied retrospectively.

44C Paragraphs 8A and 36A were added by AASB 2008-6 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* issued in July 2008. An entity shall apply those amendments for annual reporting periods beginning on or after 1 July 2009. Earlier application is permitted. However, an entity shall not apply the amendments for annual reporting periods beginning

before 1 July 2009 unless it also applies AASB 127 *Consolidated and Separate Financial Statements* (as amended in 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 AASB 5, subject to the transitional provisions in paragraph 45 of AASB 127 (as amended in 2008).

- 44D Paragraphs 5A, 12A and 15A were added and paragraph 8 was amended by AASB 2008-13 *Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners* in December 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 reporting 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 on or after 1 January 2005 but before 1 July 2009 it shall disclose that fact and also apply AASB 3 (March 2008, as amended), AASB 127 *Consolidated and Separate Financial Statements* (as amended in July 2008) and AASB Interpretation 17 *Distributions of Non-cash Assets to Owners*.
- 44E Paragraph 5B was added by AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* issued in May 2009. An entity shall apply that amendment prospectively for annual reporting 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.
- 44H AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13*, issued in September 2011, amended the definition of fair value in Appendix A. An entity shall apply that amendment when it applies AASB 13 *Fair Value Measurement*.
- 44I AASB 2011-9 *Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income*, issued in September 2011, amended paragraph 33A. An entity shall apply that amendment when it applies AASB 101 as amended in September 2011.

## **Withdrawal of IAS 35**

45 [Deleted by the AASB]



## APPENDIX A

### DEFINED TERMS

*This appendix is an integral part of AASB 5.*

<b>cash-generating unit</b>	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.
<b>component of an entity</b>	Operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the entity.
<b>costs to sell</b>	The incremental costs directly attributable to the disposal of an asset (or <b>disposal group</b> ), excluding finance costs and income tax expense.
<b>current asset</b>	An entity shall classify an asset as current when: <ul style="list-style-type: none"><li>(a) it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;</li><li>(b) it holds the asset primarily for the purpose of trading;</li><li>(c) it expects to realise the asset within twelve months after the reporting period; or</li><li>(d) the asset is cash or a cash equivalent (as defined in AASB 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.</li></ul>
<b>discontinued operation</b>	A <b>component of an entity</b> that either has been disposed of or is classified as held for sale and: <ul style="list-style-type: none"><li>(a) represents a separate major line of business or geographical area of operations;</li><li>(b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or</li></ul>

- (c) is a subsidiary acquired exclusively with a view to resale.

<b>disposal group</b>	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 <b>cash-generating unit</b> to which goodwill has been allocated in accordance with the requirements of paragraphs 80-87 of AASB 136 <i>Impairment of Assets</i> or if it is an operation within such a cash-generating unit.
<b>fair value</b>	<i>Fair value</i> 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 AASB 13.)
<b>firm purchase commitment</b>	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 <b>highly probable</b> .
<b>highly probable</b>	Significantly more likely than <b>probable</b> .
<b>non-current asset</b>	An asset that does not meet the definition of a <b>current asset</b> .
<b>probable</b>	More likely than not.
<b>recoverable amount</b>	The higher of an asset's <b>fair value</b> less <b>costs to sell</b> and its <b>value in use</b> .
<b>value in use</b> <sup>1</sup>	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.

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<sup>1</sup> Not-for-profit entities should refer to AASB 136 *Impairment of Assets* when the future economic benefits of an asset are not primarily dependent on the asset's ability to generate net cash inflows.

## **APPENDIX B**

### **APPLICATION SUPPLEMENT**

*This appendix is an integral part of AASB 5.*

#### **Extension of the period required to complete a sale**

- B1 As noted in paragraph 9, 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 8 shall therefore apply in the following situations in which such events or circumstances arise:
- (a) 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 necessary to respond to those conditions cannot be initiated until after a *firm purchase commitment* is obtained; and
    - (ii) a firm purchase commitment is highly probable within one year;
  - (b) 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 actions necessary to respond to the conditions have been taken; and
    - (ii) a favourable resolution of the delaying factors is expected;
  - (c) 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 the initial one-year period the entity took action necessary to respond to the change in circumstances;
- (ii) the non-current asset (or disposal group) is being actively marketed at a price that is reasonable, given the change in circumstances; and
- (iii) the criteria in paragraphs 7 and 8 are met.

## **DELETED IFRS 5 TEXT**

*Deleted IFRS 5 text is not part of AASB 5.*

### **Paragraph 44**

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.

### **Paragraph 44A**

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.

### **Paragraph 44B**

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.

### **Paragraph 45**

This IFRS supersedes IAS 35 *Discontinuing Operations*.