PUBLIC BENEFIT ENTITY INTERNATIONAL FINANCIAL REPORTING STANDARD 5 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (PBE IFRS 5)

Issued September 2014 and incorporates amendments to 31 January 2017 other than consequential amendments resulting from early adoption of PBE IPSASs 34 to 38 which deal with interests in other entities and PBE IFRS 9 *Financial Instruments*

This Standard was issued on 11 September 2014 by the New Zealand Accounting Standards Board of the External Reporting Board pursuant to section 12(a) of the Financial Reporting Act 2013.

This Standard is a disallowable instrument for the purposes of the Legislation Act 2012, and pursuant to section 27(1) of the Financial Reporting Act 2013 takes effect on 9 October 2014.

Reporting entities that are subject to this Standard are required to apply it in accordance with the effective date, which is set out in paragraphs 44.1 to 44.3.

In finalising this Standard, the New Zealand Accounting Standards Board has carried out appropriate consultation in accordance with section 22(1) of the Financial Reporting Act 2013.

This Tier 1 and Tier 2 PBE Standard has been issued as part of a revised full set of PBE Standards that incorporate enhancements for not-for-profit public benefit entities.

This Standard, when applied, supersedes PBE IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* issued in May 2013.

PBE IFRS 5 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

COPYRIGHT

© External Reporting Board (XRB) 2014

This XRB standard contains International Financial Reporting Standards (IFRS®) Foundation copyright material. Reproduction within New Zealand in unaltered form (retaining this notice) is permitted for personal and non-commercial use subject to the inclusion of an acknowledgement of the source.

Requests and enquiries concerning reproduction and rights for commercial purposes within New Zealand should be addressed to the Chief Executive, External Reporting Board at the following email address: enquiries@xrb.govt.nz and the IFRS Foundation at the following email address: licences@ifrs.org

All existing rights (including copyrights) in this material outside of New Zealand are reserved by the IFRS Foundation. Further information and requests for authorisation to reproduce for commercial purposes outside New Zealand should be addressed to the IFRS Foundation.

ISBN 978-1-927292-52-5

Copyright

IFRS Standards are issued by the
International Accounting Standards Board
30 Cannon Street, London, EC4M 6XH, United Kingdom.
Tel: +44 (0)20 7246 6410 Fax: +44 (0)20 7246 6411
Email: info@ifrs.org Web: www.ifrs.org

Copyright © International Financial Reporting Standards Foundation All rights reserved.

Reproduced and distributed by the External Reporting Board with the permission of the IFRS Foundation.

This English language version of the IFRS Standards is the copyright of the IFRS Foundation.

1. The IFRS Foundation grants users of the English language version of IFRS Standards (Users) the permission to reproduce the IFRS Standards for

   (i) the User's Professional Use, or
   (ii) private study and education
   (iii) preparation of financial statements and/or financial statement analysis

   Professional Use: means use of the English language version of the IFRS Standards in the User's professional capacity in connection with the business of providing accounting services for the purpose of application of IFRS Standards for preparation of financial statements and/or financial statement analysis to the User's clients or to the business in which the User is engaged as an accountant.

   For the avoidance of doubt, the abovementioned usage does not include any kind of activities that make (commercial) use of the IFRS Standards other than direct or indirect application of IFRS Standards, such as but not limited to commercial seminars, conferences, commercial training or similar events.

2. Users are not permitted to reproduce the IFRS Standards in any manner that is **not** primarily intended for or directed towards direct or indirect application of IFRS Standards. With regard to any other usage that falls outside the use explicitly permitted in this notice, Users shall be obliged to contact the IFRS Foundation for a separate individual licence under terms and conditions to be mutually agreed.

3. Except as otherwise expressly permitted in this notice, Users shall not, without prior written permission of the Foundation have the right to license, sublicense, transmit, transfer, sell, rent, or otherwise distribute any portion

of the IFRS Standards to third parties in any form or by any means, whether electronic, mechanical or otherwise either currently known or yet to be invented.

4. Users are not permitted to modify or make alterations, additions or amendments to or create any derivative works, save as otherwise expressly permitted in this notice.

The authoritative text of IFRS Standards is that issued by the International Accounting Standards Board in the English language. Copies may be obtained from the IFRS Foundation's Publications Department.

Please address publication and copyright matters in English to:
IFRS Foundation Publications Department
30 Cannon Street, London, EC4M 6XH, United Kingdom.
Tel: +44 (0)20 7332 2730 Fax: +44 (0)20 7332 2749
Email: publications@ifrs.org Web: www.ifrs.org

Trade Marks



The IFRS Foundation logo, the IASB logo, the IFRS for SMEs logo, the "Hexagon Device", "IFRS Foundation", "eIFRS", "IAS", "IASB", "IFRS for SMEs", "IASs", "IFRS", "IFRSs", "International Accounting Standards" and "International Financial Reporting Standards", "IFRIC" and "IFRS Taxonomy" are **Trade Marks** of the Foundation.

Disclaimer

The authoritative text of the IFRS Standards is reproduced and distributed by the External Reporting Board in respect of their application in New Zealand. The International Accounting Standards Board, the Foundation, the authors and the publishers do not accept responsibility for loss caused to any person who acts or refrains from acting in reliance on the material in this publication, whether such loss is caused by negligence or otherwise.

PBE IFRS 5 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

CONTENTS

	Paragraph
Objective	1
Scope	2–5B
Definitions	5B.1
Classification of Non-Current Assets (or Disposal Groups) as Held for Sale or as Held for Distribution to Owners	6–14
Non-Current Assets that are to be Abandoned	13–14
Measurement of Non-Current Assets (or Disposal Groups) Classified as Held for Sale	15–29
Measurement of a Non-Current Asset (or Disposal Group)	15–19
Recognition of Impairment Losses and Reversals	20–25
Changes to a Plan of Sale or to a Plan of Distribution to Owners	26–29
Presentation and Disclosure	30–42
Presenting Discontinued Operations	31–36A
Gains or Losses Relating to Continuing Operations	37
Presentation of a Non-Current Asset or Disposal Group Classified as Held for Sale	38–40
Additional Disclosures	41–42
Transitional Provisions	43
Effective date	44–44.3
Withdrawal and Replacement of PBE IFRS 5 (May 2013)	45
Appendix A: [Not used]	
Appendix B: Application Supplement: Extension of the Period Required to Complete a Sale	
Basis for Conclusions	
History of Amendments	
The following is available within New Zealand on the XRB website as additional material:	
IASB Basis for Conclusions	

Public Benefit Entity International Financial Reporting Standard 5 *Non-current Assets Held for Sale and Discontinued Operations* is set out in the objective, paragraphs 1–45 and Appendices A and B. PBE IFRS 5 is based on International Financial Reporting Standard 5 *Non-current Assets Held for Sale and Discontinued Operations* issued by the International Accounting Standards Board and NZ IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. All the paragraphs have equal authority. PBE IFRS 5 should be read in the context of its objective, the NZASB's Basis for Conclusions on PBE IFRS 5, the IASB's Basis for Conclusions on IFRS 5, the *Public Benefit Entities' Conceptual Framework* and Standard XRB A1 *Application of the Accounting Standards Framework.* PBE IPSAS 3 *Accounting Policies, Changes in Accounting Estimates and Errors* provides a basis for selecting and applying accounting policies in the absence of explicit guidance.

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 revenue and expense.

Scope

2. The classification and presentation requirements of this Standard apply to all recognised non-current assets[1] 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.

3. Assets classified as non-current in accordance with PBE 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 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 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.[2] 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[3] do not apply to the following assets, which are covered by the Standards listed, either as individual assets or as part of a disposal group:

   (a) Deferred tax assets (PBE IAS 12 *Income Taxes*).

   (b) Assets arising from employee benefits (PBE IPSAS 25 *Employee Benefits*).

   (c) Financial assets within the scope of PBE IPSAS 29 *Financial Instruments: Recognition and Measurement*.

   (d) Non-current assets that are accounted for in accordance with the fair value model in PBE IPSAS 16 *Investment Property*.

   (e) Non-current assets that are measured at fair value less costs to sell in accordance with PBE IPSAS 27 *Agriculture.*

   (f) Contractual rights under insurance contracts as defined in PBE IFRS 4 *Insurance Contracts.*

5.1 **This Standard applies to Tier 1 and Tier 2 public benefit entities.**

5.2 **A Tier 2 entity is not required to comply with the requirements in this Standard denoted with an asterisk (*). Where a Tier 2 entity elects to apply a disclosure concession it shall comply with any RDR paragraphs associated with that concession.**

---

[1] 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.

[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 PBE 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 in the scope of the measurement requirement of PBE IFRS 5 and 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 PBE IPSAS 1.

Definitions

5B.1 **The following terms are used in this Standard with the meanings specified:**

A cash-generating unit is 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.

A component of an entity is an operation that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the entity.

Costs to sell are 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 when:

(a) It expects to realise 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 it;

(c) It expects to realise the asset within twelve months after the reporting period; or

(d) The asset is cash or a cash equivalent (as defined in PBE IPSAS 2) 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 component of an entity that either has been disposed of or is classified as held for sale and:

(a) Represents a separate major activity or geographical area of operations;

(b) Is part of a single co-ordinated plan to dispose of a separate major activity or geographical area of operations; or

(c) Is a controlled entity acquired exclusively with a view to resale.

A disposal group is 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 or if it is an operation within such a cash-generating unit.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

A firm purchase commitment is 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 is significantly more likely than probable.

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

Probable means more likely than not.

Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

Value in use of a cash-generating asset is the net 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.

Value in use of a non-cash-generating asset is the net present value of the asset's remaining service potential.

Terms defined in other PBE Standards are used in this Standard with the same meaning as those Standards, and are reproduced in the *Glossary of Defined Terms* published separately.

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 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 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 controlled entity shall classify all the assets and liabilities of that controlled entity 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 controlled entity 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 PBE IPSAS 17 *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 (c) 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) 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.[4]**

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 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 surplus or deficit 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 PBE 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 PBE 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 PBE IPSAS 21 *Impairment of Non-Cash-Generating Assets* or PBE IPSAS 26 *Impairment of Cash-Generating 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

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

(b) Not in excess of the cumulative impairment loss that has been recognised, either in accordance with this Standard or previously in accordance with PBE IPSAS 26, 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 91–97 and 110–111 of PBE IPSAS 26.

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 82–87 of PBE IPSAS 17 for property, plant and equipment; and

(b) Paragraphs 111–116 of PBE IPSAS 31 *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 or to a Plan of Distribution to Owners

26. 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 7–9 (for held for sale) or in paragraph 12A (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 27–29 to account for this change except when paragraph 26A applies.

26A. 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 not follow the guidance in paragraphs 27–29 to account for this change. The entity shall apply the classification, presentation and measurement requirements in this Standard that are applicable to the new method of disposal.

(b) Shall measure the non-current asset (or disposal group) by following the requirements in paragraph 15 (if reclassified as held for sale) or 15A (if reclassified as held for distribution to owners) and recognise 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 20–25.

(c) Shall not change the date of classification in accordance with paragraphs 8 and 12A. 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.

27. 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 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 or revaluations that would have been recognised had the asset (or disposal group) not been classified as held for sale or as held for distribution to owners; and

(b) Its recoverable amount at the date of the subsequent decision not to sell[5]or distribute.

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 sale or as held for distribution to owners in surplus or deficit[6] from continuing operations in the period in which the criteria in paragraphs 7–9 or 12A, respectively, are no longer met. The entity shall present that adjustment in the same caption in the statement of comprehensive revenue and expense used to present a gain or loss, if any, recognised in accordance with paragraph 37.

---

[5] 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 PBE IPSAS 26.

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

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. 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 12A. 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 26. 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 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 or 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 activity or geographical area of operations;

    (b) Is part of a single co-ordinated plan to dispose of a separate major activity or geographical area of operations; or

    (c) Is a controlled entity acquired exclusively with a view to resale.

33. An entity shall disclose:

    (a) A single amount in the statement of comprehensive revenue and expense comprising the total of:

        (i) The post-tax gain or loss from 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 surplus or deficit of discontinued operations;

        (ii) The related income tax expense as required by paragraph 81(h) of PBE IAS 12;

        (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; and

        (iv) The related income tax expense as required by paragraph 81(h) of PBE IPSAS 12.

        The analysis may be presented in the notes or in the statement of comprehensive revenue and expense. If it is presented in the statement of comprehensive revenue and expense 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 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 revenue from continuing operations and from discontinued operations attributable to owners of the controlling entity. These disclosures may be presented either in the notes or in the statement of comprehensive revenue and expense.

33A. If an entity presents the items of surplus or deficit in a separate statement as described in paragraph 22.1 of PBE IPSAS 1, 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.

*(c) The settlement of employee benefit plan obligations, provided that the settlement is directly related to the disposal transaction.

RDR 35.1 A Tier 2 entity is not required to disclose the nature and amount of the adjustments in the current period required by paragraph 35.

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 revenue 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 controlled entity shall disclose the information required in paragraphs 33–36 when the controlled entity 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 surplus or deficit 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 revenue or expense recognised in other comprehensive revenue and expense relating to a non-current asset (or disposal group) classified as held for sale.

39. If the disposal group is a newly acquired controlled entity 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; and

    (c) The gain or loss recognised in accordance with paragraphs 20–22 and, if not separately presented in the statement of comprehensive revenue and expense, the caption in the statement of comprehensive revenue and expense that includes that gain or loss.

*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

43. [Not used]

Effective Date

44–44E. [Not used]

44.1 **A public benefit entity shall apply this Standard for annual financial statements covering periods beginning on or after 1 April 2015. Earlier application is permitted for not-for-profit public benefit entities as long as the full suite of PBE Standards is applied at the same time.**

44.2 ***2015 Omnibus Amendments to PBE Standards*, issued in July 2015, amended paragraphs 26–29 and added paragraph 26A. An entity shall apply those amendments prospectively in accordance with PBE IPSAS 3 *Accounting Policies, Changes in Accounting Estimates and Errors* to changes in a method of disposal that occur in annual financial statements covering periods beginning on or after 1 January 2016. Earlier application is permitted, subject to paragraph 44.1. If an entity applies those amendments for an earlier period it shall disclose that fact.**

44.3 ***2016 Omnibus Amendments to PBE Standards*, issued in January 2017, amended paragraph 33. An entity shall apply that amendment for annual financial statements covering periods beginning on or after 1 January 2017. Earlier application is permitted.**

Withdrawal and Replacement of PBE IFRS 5 (May 2013)

45. This Standard, when applied, supersedes PBE IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* issued in May 2013.

Appendix A

Defined Terms

[Not used]

Appendix B

Application Supplement

This Appendix is an integral part of the Standard.

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.

Basis for Conclusions

This Basis for Conclusions accompanies, but is not part of, PBE IFRS 5.

BC1. The New Zealand Accounting Standards Board (NZASB) has not modified the recognition and measurement requirements in NZ IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* for application by Tier 1 and Tier 2 public benefit entities. Where applicable, disclosure concessions have been identified for Tier 2 entities and the language generalised for use by public benefit entities. The NZASB considered that the requirements of PBE IFRS 5 are appropriate for application by public benefit entities.

BC2. Illustrative examples on the application of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are available in the additional material for NZ IFRS 5 on the XRB website.

Rationale for Developing PBE IFRS 5

BC3. The NZASB noted that there is no IPSAS equivalent to IFRS 5. A number of IPSASs therefore exclude from their scope non-current assets classified as held for sale (for example, IPSAS 31 *Intangible Assets*) although PBE IFRS 5 is referred to in a number of PBE Standards. In considering whether it was appropriate to develop a PBE Standard equivalent to IFRS 5, the NZASB noted that NZ IFRS 5 had been part of NZ IFRSs for public benefit entities since 2004.

BC4. The NZASB considered that the requirements of NZ IFRS 5 led to appropriate measurement and disclosure of non-current assets held for sale and discontinued operations. The inclusion of PBE IFRS 5 in PBE Standards will help ensure that public benefit entities are able to continue with the same accounting treatment for such assets when applying PBE Standards. The alternative to developing PBE IFRS 5 would have been for entities to determine accounting policies in accordance with the specific requirements of any relevant IPSASs and guidance in PBE IPSAS 3. The NZASB was concerned that this might lead to inconsistent and non-comparable accounting for such transactions. It may also lead to non-current assets held for sale and discontinued operations being accounted for differently by public benefit entities and for-profit entities.

BC5. Accordingly, the NZASB decided that, until the IPSASB develops an IPSAS based on IFRS 5, it would be desirable to have equivalent requirements in place for public benefit entities.

Consequences of Developing PBE IFRS 5

BC6. In adopting NZ IFRS 5 for public benefit entities, consequential amendments had to be made to a number of PBE Standards that related to non-current assets held for sale and/or discontinued activities (for example, PBE IPSAS 1 *Presentation of Financial Statements*). In addition, a number of PBE Standards (for example, PBE IPSAS 31 and PBE IPSAS 8 *Interests in Joint Ventures*) exclude from their respective scopes a non-current asset (or disposal group) that is acquired exclusively with a view to its subsequent disposal.

2015 Omnibus Amendments to PBE Standards

BC7. In the IASB's *Annual Improvements to IFRSs Cycle 2012-2014* the IASB amended IFRS 5 to clarify that when an entity reclassifies an asset from 'held for sale' to 'held for distribution to owners', or vice versa, the change in classification should be treated as a continuation of the original plan of disposal. It also clarifies that an entity should cease to apply held-for-distribution accounting in the same way as it ceases to apply the held-for-sale accounting when it no longer meets the held-for-sale criteria. The IPSASB did not make the equivalent amendments in its *Improvements to IPSASs 2014* because there was no IPSAS equivalent to IFRS 5. The NZASB considered that the amendment would improve clarity in the PBE Standards and should be incorporated in PBE IFRS 5. The NZASB therefore included equivalent amendments in its *2015 Omnibus Amendments to PBE Standards.*

2016 Omnibus Amendments to PBE Standards

BC8. *2016 Omnibus Amendments to PBE Standards* amended PBE IFRS 5 by adding paragraph 33(b)(iv). This amendment is equivalent to the amendment set out in the IASB's editorial corrections to IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* issued in September 2014. The amendment reinstates the original requirement in paragraph 33(b)(iv) which had been deleted because it appeared to be a duplicate requirement.

History of Amendments

PBE IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* was issued in September 2014.

This table lists the pronouncements establishing and substantially amending PBE IFRS 5. The table is based on amendments issued as at 31 January 2017 other than consequential amendments resulting from early adoption of PBE IPSASs 34 to 38 which deal with interests in other entities and PBE IFRS 9 *Financial Instruments*.

Pronouncements	**Date issued**	**Early operative date**	**Effective date (annual financial statements … on or after …)**
PBE IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*	Sept 2014	Early application is permitted for not-for-profit public benefit entities	1 April 2015
2015 Omnibus Amendments to PBE Standards	July 2015	Early application is permitted	1 Jan 2016
2016 Omnibus Amendments to PBE Standards	Jan 2017	Early application is permitted	1 Jan 2017

Table of Amended Paragraphs in PBE IFRS 5		
Paragraph affected	**How affected**	**By … [date]**
Paragraph 26	Amended	*2015 Omnibus Amendments to PBE Standards* [July 2015]
Paragraph 26A	Added	*2015 Omnibus Amendments to PBE Standards* [July 2015]
Paragraph 27	Amended	*2015 Omnibus Amendments to PBE Standards* [July 2015]
Paragraph 28	Amended	*2015 Omnibus Amendments to PBE Standards* [July 2015]
Paragraph 29	Amended	*2015 Omnibus Amendments to PBE Standards* [July 2015]
Paragraph 33	Amended	*2016 Omnibus Amendments to PBE Standards* [Jan 2017]
Paragraph 44.2	Added	*2015 Omnibus Amendments to PBE Standards* [July 2015]
Paragraph 44.3	Added	*2016 Omnibus Amendments to PBE Standards* [Jan 2017]