PSASB

PUBLIC SECTOR ACCOUNTING STANDARDS BOARD (KENYA)

IPSAS 44

Non-Current Assets Held for Sale and Discontinued Operations Guideline

Our Mission

To prescribe and promote adoption of financial reporting, internal auditing, and risk management standards in the public sector

Our Vision

Globally acceptable standards on public sector financial accountability

MESSAGE FROM THE CEO

IPSAS 44 provides a comprehensive framework for accounting and reporting non-current assets held for sale and the presentation of discontinued operations. In the public sector, where the efficient management of resources is paramount, this standard plays a crucial role in ensuring transparency, accountability, and informed decision-making.

One of IPSAS 44's primary benefits is its ability to enhance the relevance and reliability of financial information. By requiring public sector entities to identify and report on non-current assets held for sale, the standard enables stakeholders better to understand the entity's financial position and performance. Moreover, IPSAS 44 mandates the separate presentation of discontinued operations, which are activities that the entity has either ceased or plans to cease. This requirement allows users of financial statements to distinguish between the entity's ongoing operations and those that have been or will be discontinued. This distinction is particularly important in the public sector, where the discontinuation of certain services or programs can have significant implications for the public and the allocation of public resources.

In conclusion, IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations is a vital component of the IPSAS framework, particularly for public sector entities. Its implementation enhances financial information's relevance, reliability, and comparability, ultimately supporting informed decision-making, resource allocation, and the overall accountability and transparency of the public sector.

I hereby present the IPSAS 44 guideline, which summarizes the key issues presented in the standard. I take this opportunity to wish you well as you apply this Standard.

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1.0 INTRODUCTION

IPSASB issued IPSAS 44- Non-Current Assets Held for Sale and Discontinued Operations in May 2022 with an effective date of 1st January 2025. IPSAS 44 is an initial standard under IPSAS that borrows significantly from IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations issued by IASB.

The objective of this IPSAS 44 is to specify the accounting for non-current assets held for sale, and the presentation and disclosure of discontinued operations.

The standard requires:

i. 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
ii. 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 financial performance.

2.0 SCOPE

All entities that prepare and presents financial statements under the accrual basis of accounting shall apply this Standard in accounting for non-current assets held for sale, and the presentation and disclosure of discontinued operations.

Measurement exceptions for IPSAS 44 are:

i. Deferred tax assets within the scope of the relevant international or national accounting standard dealing with income taxes
ii. Assets arising from employee benefits (IPSAS 39, Employee Benefits)
iii. Financial assets within the scope of IPSAS 41, Financial Instruments
iv. Non-current assets that are accounted for in accordance with the fair value model in IPSAS 16, Investment Property
v. Non-current assets that are measured at fair value less costs to sell in accordance with IPSAS 27, Agriculture; and
vi. Groups of contracts within the scope of the relevant international or national accounting standard dealing with insurance contracts.

3.0 DEFINITION OF TERMS

Cash-generating unit: The smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Component of an entity: Operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the entity.

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

Probable means more likely than not.

Highly probable means significantly more likely than probable.

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

i. It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
ii. It holds the asset primarily for the purpose of trading.
iii. It expects to realize the asset within twelve months after the reporting period; or
iv. The asset is cash or a cash equivalent (as defined in IPSAS 2, Cash Flow Statements) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

i. Represents a separate major operation or geographical area of operations.
ii. Is part of a single coordinated plan to dispose of a separate operation or geographical area of operations; or
iii. 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.

4.0 CLASSIFICATION

The Standard prescribes two classifications namely:

- Non-current assets held for sale (or disposal group)
- Non-current assets held for distribution to owners.

Non-current assets (or disposal group) held for sale

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.

For an asset to be classified as “held for sale,” must meet two conditions:

a. the asset or disposal group should be immediately available for sale in its current condition.
b. the sale should be highly probable.

Criteria that must be met to classify a sale as highly probable:

a. The management must have a commitment to sell the asset.
b. The asset must be actively marketed for sale at a reasonable price in relation to its current fair value.
c. An active program to find a buyer must be initiated
d. The sale must be completed within one year of the classification date.
e. There should be no significant changes to the plan that might impact the sale.

The standard allows for an extension of the twelve month sale period if the delay is caused by events or circumstances outside the entity’s control and it is still committed to its plan to sell the asset.

Non-current assets held for distribution to owners

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 meet two conditions:

a. be available for immediate distribution in their present condition
b. the distribution must be highly probable.

For the distribution to be highly probable, it must meet the following criteria:
i. Actions to complete the distribution must have been initiated.
ii. It should be completed within one year from the date of classification.
iii. 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.
iv. The probability of owners' approval should be considered as part of the assessment of whether the distribution is highly probable.

Non-current Assets that are to be abandoned.

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.

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.

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

Example 1

a. An entity has agreed in a directors' meeting to sell a building and has tentatively started looking for a buyer for the building. The price of the building has been fixed at Kes 600m and a surveyor has valued the building based on market prices at Kes 540m. The entity will continue to use the building until another building has been found with equivalent facilities, and in a suitable location for the office staff, who will not be relocated until the new building has been found.
b. Additionally, the entity is planning to sell part of its business and has actively marketed the business at a fair price but, before the business

can be sold, government approval is required, and any sale requires government approval. This means that the sale time is difficult to determine, and it may take longer than one year to sell the disposal group.

Required:

Determine whether the two classes of assets should be classified as non-current assets held for sale.

Answer

a. The building will not be classified as held-for-sale as it is not available for immediate sale because, until new premises have been found, the office staff will remain in the existing building. Also, the directors have only tentatively started looking for a buyer which may indicate that the entity is not committed to the sale. Additionally, the price being asked for the building is above the market price and is not reasonable compared to that price. It is unlikely that the entity will sell the building for that price.
b. The disposal group, however, would be classified as held-for-sale because the delay is caused by events or circumstances beyond the entity's control, and there is evidence that the entity is committed to selling the disposal group.

5.0 MEASUREMENT

Just 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 IPSAS.

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.

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.

Recognition of impairment losses and Reversals

An entity shall recognize an impairment loss for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. This shall be done in surplus/deficit or as a reduction in the revaluation surplus.

Example 2

On 1st January 20X2, XYZ Corporation acquired a Plant at a cost of Kes 10M. The plant has an estimated useful life of 10 years with a residue value of Kes 2M.

On January 20x6, the equipment was classified as held for sale. On the same date, the fair value was estimated to be Kes 7m and the estimated cost of disposal was Kes 0.5M

On September 20x6 the Equipment was sold for Kes 6.3M

Required:

How much is the measurement of the non-current asset held for sale on January 1st 20x6?

The measurement of assets held for sale is the lower of carrying amount and fair value less cost to sell.

Accumulated Depreciation = {(10m – 2m) divide by 10 years} x 4 years = 3.2m.

- » Carrying Amount is 10m – 3.2m = 6.8m.
- » Fair value less cost to sell = (Kes 7m – Kes 0.5m) = 6.5m.
- » We pick the lower of carrying amount of Kes 6.8 M and fair valu less cost to sell of Kes 6.5m
- » which is 6.5m.

How much is the impairment of the non-current asset recognized on January 1st 20X6?

- » Impairment is the difference between Carrying amount and fair value less cost to sell.
- » Kes 6.8m less Kes 6.5m which is Kes 0.3m.

How much is the gain or loss on disposal on September 30th 20x6?

Gain/loss is:

= Selling price less Carrying amount
= sale of 6.3m less carrying amount of Kes 6.5m
= 0.2m loss

If the fair value of the asset on January 1st 20X6 is equal to Kes 8M, how much will be the measurement of the non-current asset held for sale on 1st January 20X6?

Answer 6.8M which is the lower of carrying amount which is at Kes 6.8 and fair value less cost to sell which is 7.5m (8m-0.5m).

How much would be the impairment loss on 1st January 20X6?

Answer 0. It would mean comparing the carrying amount of 6.8 to the lower of the two as above which is 6.8 million. The entity would therefore not recognize any impairment loss.

Where the asset was carried using the Revaluation method.

Step 1: Revalue the asset on the date of reclassification.

Step 2: Reclassify asset from non-current assets to non-current assets held for sale. Cost to sell will be recognized as impairment loss.

On Disposal

- » Compare carrying amount with selling price to know if there is a gain or loss.
- » Transfer remaining balance of revaluation surplus to retained earnings after disposal.

Example 3

On 1st January 20X5, ABC corporation carried a property in its statement of financial position at its revalued amount of Kes 14M and depreciation is charged 0.3M per annum on a straight-line basis.

In April 20X5, the management decided to sell the property and was advertised for sale. By 30th April 20X5, the sale was considered to be highly probable and the criteria for IPSAS 44 were met at this date. On the same date, the fair value was Kes 15.4m and cost to sell was estimated at Kes 0.3m.

Explain how the above transaction should be dealt with in the books of ABC as at April 30th April 20x5.

1. Calculate Depreciation up to the Date of Reclassification:

The property was held for three months (January to March) before being reclassified as held for sale in April.

Annual depreciation is Kes 0.3 million.
Monthly depreciation is Kes 0.3 million / 12 = Kes 0.025 million.
Depreciation for three months is Kes 0.025 million * 3 = Kes 0.075 million.

2. Calculate the Carrying Amount at the Date of Reclassification:

Initial revalued amount: Kes 14 million.
Accumulated depreciation (January to March): Kes 0.075 million.
Carrying amount at April 30th: Kes 14 million - Kes 0.075 million = Kes 13.925 million.

3. Determine the Fair Value Less Costs to Sell:

Fair value: Kes 15.4 million.

Costs to sell: Kes 0.3 million.
Fair value less costs to sell: Kes 15.4 million - Kes 0.3 million = Kes 15.1 million.

4. Reclassify the Property as Held for Sale:

Since the sale is highly probable, and the criteria of IPSAS 44 are met, the property should be reclassified from property, plant, and equipment (PPE) to non-current assets held for sale.

5. Measure the Asset at the Lower of Carrying Amount and Fair Value Less Costs to Sell:

Carrying amount: Kes 13.925 million.
Fair value less costs to sell: Kes 15.1 million.
The lower of the two is 13.925 Million.

Therefore no impairment or revaluation is needed at the time of reclassification.

6. Accounting Entries:

Depreciation for January to March:
- o Debit: Depreciation Expense Kes 0.075 million.
- o Credit: Accumulated Depreciation Kes 0.075 million.

Reclassification:
- o Debit: Non-current Assets Held for Sale Kes 13.925 Million.
- o Credit: Property, Plant, and Equipment Kes 13.925 Million.

7. Presentation in the Financial Statements:

The property will be presented as a separate line item under current assets in the statement of financial position as “Non-current assets held for sale” at Kes 13.925 million.

- o Depreciation will cease from the date of reclassification.
- o The gain or loss on disposal will be recognised when the disposal occurs.

In summary, as of April 30, 20X5, ABC Corporation should reclassify the property as a non-current asset held for sale at its carrying amount of Kes 13.925 million. No further depreciation will be charged.

Example 4

On 1st January 20x2, Mali corporation acquired land at a cost of Kes 4.5M. The land is carried through the revaluation model. On Dec 31st 20X2 the fair value of the land was Kes 6M.

On June 30th 20x3, the land is classified as held for sale. On the same date the fair value was estimated at Kes 7.5M and the cost of disposal estimated at 0.7m On December 31st 20x3 the land was sold for Kes 8M.

Let's break down the accounting treatment for Mali Corporation's land through each stage, following the relevant accounting standards.

1. Year 20X2: Initial Acquisition and Revaluation

Acquisition (January 1, 20X2):
Cost of land: Kes 4.5 million.

Entry:
Debit: Land Kes 4.5 million
Credit: Cash Kes 4.5 million

Revaluation (December 31, 20X2):
Fair value: Kes 6 million.
Carrying amount: Kes 4.5 million.
Revaluation surplus: Kes 6 million - Kes 4.5 million
= Kes 1.5 million.

Entry:
Debit: Land Kes 1.5 million
Credit: Revaluation Surplus Kes 1.5 million.
The land is now carried at Kes 6 million.

2. Year 20X3: Classification as Held for Sale (June 30, 20X3)

Carrying Amount: The land's carrying amount at the start of 20X3 is Kes 6 million.

Fair Value Less Costs to Sell:

Fair value: Kes 7.5 million.
Costs of disposal: Kes 0.7 million.
Fair value less costs to sell: Kes 7.5 million - Kes 0.7 million = Kes 6.8 million.

Classification:
Since the criteria for held-for-sale classification are met, the land is reclassified.

Since 6.8 million is greater than the current carrying amount of 6 million, no impairment is recorded.

Entry:
Debit: Land Held for Sale Kes 6 million.
Credit: Land Kes 6 Million.
The Land held for sale is recorded at 6 million.

3. Year 20X3: Sale of Land (December 31, 20X3)

Sale Proceeds: Kes 8 million.
Carrying Amount (at time of sale): Kes 6 million.
Gain on Sale: Kes 8 million - Kes 6 million = Kes 2 million.

Entry:
Debit: Cash Kes 8 million.
Credit: Land Held for Sale Kes 6 million.
Credit: Gain on Sale Kes 2 million.

Summarized Accounting Treatment:

20X2:
Acquisition: Land recorded at Kes 4.5 million.
Revaluation: Land revalued to Kes 6 million, with a Kes 1.5 million revaluation surplus.

20X3:
June 30th: Land is reclassified as held for sale at 6 million.
December 31st: Land sold for Kes 8 million, resulting in a Kes 2 million gain on sale.

Changes to a Plan of Sale or to a Plan of Distribution to Owners

If an entity has classified an asset (or disposal group) as held for sale or as held for distribution to owners, but the criteria for held for sale or 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.

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 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:

» 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, amortization or revaluations that would have been recognized had the asset (or disposal group) not been classified as held for sale or as held for distribution to owners; and
» Its recoverable amount at the date of the subsequent decision not to sell or distribute.

Abandoned assets shall not be classified as non-current assets held for sale.

6.0 PRESENTATION AND DISCLOSURE

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

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 operation or geographical area of operations.
b. Is part of a single coordinated plan to dispose of a separate major operation or geographical area of operations; or
c. Is a controlled entity acquired exclusively with a view to resale.

An entity shall disclose:

A. A single amount in the statement of financial performance comprising the total of:

i. The post-tax surplus or deficit of discontinued operations; and
ii. The post-tax gain or loss recognized on the measurement to fair va ue less costs to sell or on the disposal of the assets or disposal group(s) constituting the discontinued operation.

B. In making the disclosure above, an entity should analyze the single amount into:

i. The revenue, expenses, and pre-tax surplus or deficit of discontinued operations.
ii. The related income tax expense as required by the relevant international or national accounting standard dealing with income taxes.
iii. The gain or loss recognized on the measurement to fair value less costs to sell or on the disposal of the assets or disposal group(s) constituting the discontinued operation.

C. The net cash flows attributable to the operating, investing and financing activities of discontinued operations.

D. The amount of revenue from continuing operations and from discontinued operations attributable to owners of the controlling entity.

Note: The analysis and disclosures may be presented either in the notes or in the statement of financial performance.

Example 5.

XYZ Company presented following carrying amounts as at 31st December 2006:

	Carrying value at 31 Dec 2006
	Ksh (M)
Goodwill	16
Property, plant and equipment	28
Inventory	20
Financial assets (profit of Kshs. 4m recognized in equity)	17
Financial liabilities	(14)
	67

The property, plant and equipment and inventory were stated at deemed cost on moving to IPSAS. Under IPSAS, property, plant and equipment would be stated at Ksh.26m, and inventory stated at Ksh.18m. The fair value less costs to sell of the disposal group is Ksh.47m. Assume that the disposal group qualifies as held-for-sale.

Question

Show how the disposal group would be accounted for in the financial statements for the year ended 31 December 2006.

	Carrying value Kshs M	Re- measured Kshs M	Impairment Kshs M	Fair value less costs to sell Kshs M
Goodwill	16	16	(16)	-
Property, plant and equipment	28	26		26
Inventory	20	18		18
Financial assets	17	17		17
Financial liabilities	(14)	(14)		(14)
	67	**63**	**(16)**	**47**

Answer

IPSAS 44 requires that immediately before the initial classification of the disposal group as held-for-sale, the carrying amounts of the disposal group be measured in accordance with applicable IPSAS, and any surplus or deficit dealt with under that IPSAS.

The reduction in the carrying amount of property, plant and equipment will be dealt with in accordance with IPSAS 17 , and that of the inventory in accordance with IPSAS 12.

After the re-measurement, the entity will recognize an impairment loss of Ksh.16m on re-measurement to the lower of carrying amount and fair value less cost to sell. This loss is allocated to goodwill in accordance with IPSAS 26. Thus, goodwill will be reduced to zero. The loss will be charged against surplus or deficit.

In the balance sheet, the major classes of assets and liabilities classified as held-for-sale should be separately disclosed on the face of the balance sheet or in the notes. Thus, in this case, there would be separate disclosure of the disposal group as follows.

	Kshs (M)
Assets	
Non-current assets	
Current assets	
Non-current assets and current assets classified as held-for-sale (note)	**61**
Equity and liabilities	
Equity attributable to parent	
Amounts recognized directly in equity relating to non-current assets held-for-sale	
Minority interest	
Total equity	
Non-current liabilities	
Current liabilities	
Liabilities directory associated with non- current assets classified as held-for-sale	**14**
Total liabilities	

- An entity shall re-present the disclosures 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.
- 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.
- 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 shall be reclassified and included in revenue from continuing operations for all periods presented.

Gains or Losses Relating to Continuing Operations

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

- 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.
- 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.

Other Disclosures

The following information shall be disclosed for a non-current asset (or disposal group) that has been classified as held for sale or sold:

- A description of the non-current asset (or disposal group).
- A description of the facts and circumstances of the sale.
- The gain or loss is recognized in accordance with impairment losses and reversals if not separately presented in the statement of financial performance.

- » If applicable, the segment in which the non-current asset (or disposal group) is presented in accordance with IPSAS 18, Segment Reporting.

Fair Value Disclosures

An entity shall disclose information that helps users of its financial statements assess, for assets and liabilities that are measured at fair value in the statement of financial position after initial recognition, the measurement techniques and inputs used to develop those measurements.

a. To meet these objectives, an entity shall consider all the following:
b. The level of detail necessary to satisfy the disclosure requirements.
c. How much emphasis to place on each of the various requirements.
d. How much aggregation or disaggregation to undertake; and
e. Whether users of financial statements need additional information to evaluate the quantitative information disclosed.

If the disclosures are still insufficient, an entity shall disclose additional information necessary to meet those objectives.

Effective Date and Transition
Effective Date

- » An entity shall apply this Standard for annual financial statements beginning on or after January 1, 2025.
- » Earlier application is permitted. If an entity applies this Standard for a period beginning before January 1, 2025, it shall disclose that fact and apply IPSAS 43 Leases at the same time.

Transition

This Standard shall be applied prospectively to non-current assets (or disposal groups) that meet the criteria to be classified as held for sale and operations that meet the criteria to be classified as discontinued after the effective date of this Standard.

7.0 FREQUENTLY ASKED QUESTIONS

Question

When was IPSAS 44 Non-Current Assets Held for Sale and Discontinued Operations issued?

Answer

The standard was issued in May 2022 and is effective on 1st January 2025, however earlier application is permitted and apply IPSAS 43 Leases concurrently.

Question

Can organizations that prepare financial statements in cash basis adopt IPSAS 44 Non-Current Assets Held for Sale and Discontinued Operations?

Answer

Only entities that prepare and presents financial statements under the accrual basis of accounting shall apply this Standard in accounting for non-current assets held for sale, and the presentation and disclosure of discontinued operations.

Question

What are the classifications of assets under IPSAS 44?

Answer

Under IPSAS 44, Assets are classified into two as follows:

- » Non-current assets held for sale (or disposal group).
- » Non-current assets held for distribution to owners.

Question

What are the minimum conditions for non-current assets to be classified as “held for sale”.

Answer

For an asset to be classified as “held for sale,” must meet two conditions:

a. the asset or disposal group should be immediately available for sale in its current condition.

b. the sale should be highly probable.

Question

What are the required criteria for a sale to be highly probable?

Answer

Criteria that must be met to classify a sale as highly probable:

a. The management must have a commitment to sell the asset.

b. The asset must be actively marketed for sale at a reasonable price in relation to its current fair value.

c. An active program to find a buyer must be initiated.

d. The sale must be completed within one year of the classification date.
e. There should be no significant changes to the plan that might impact the sale.

Question

Our entity has a non-current asset that is to be abandoned. Can we classify this as a non-current asset held for sale?

Answer

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.

Question

Is an entity required to provide comparative information with respect to non-current assets held for sale or for distribution to owners?

Separate presentation of certain non-current assets and disposal groups in the statement of financial position under IPSAS 44 is not retrospective. Assets held for sale will be presented as such if they meet IPSAS 44'S conditions at the end of the reporting period. Accordingly, comparatives are not restated. If an asset qualifies as held for sale during 20X5, it will be classified as such in the statement of financial position at the end of 20X5, but not in the 20X4 comparatives.

Disclaimer:

This guideline has been prepared as a guidance to public sector entities in Kenya for implementation of IPSAS 44. However, it does not serve as an advisory or complete standard documentation of Non-Current Assets Held for Sale and Discontinued Operations or a replacement of IPSAS 44. For further engagements on IPSAS 44 reach out to us on the following email: acctstandards@psasb.go.ke

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