Final Pronouncement
May 2022

IPSAS®

International Public Sector Accounting Standard®

IPSAS 44, *Non-current Assets Held for Sale and Discontinued Operations*

IPSASB International Public Sector Accounting Standards Board®

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IPSAS 44 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

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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, this 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 financial performance.

Scope

2. **An entity that prepares and presents financial statements under the accrual basis of accounting shall apply this Standard in accounting for non-current assets held for sale, and the presentation and disclosure of discontinued operations.**

3. The classification and presentation requirements of this Standard apply to all recognized non-current assets[1] and to all disposal groups of an entity. The measurement requirements of this Standard apply to all recognized non-current assets and disposal groups (as set out in paragraph 5), except for those assets listed in paragraph 6 which shall continue to be measured in accordance with the Standard noted.

4. Assets classified as non-current in accordance with 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.

5. Sometimes an entity disposes of a group of assets, possibly with some directly associated liabilities, together in a single transaction. Such a disposal group may be a group of cash-generating units, a single cash-generating unit, or part of a cash-generating unit[2]. The group may include any assets and any liabilities of the entity, including current assets, current liabilities and assets excluded by paragraph 6 from the measurement requirements of this 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 26, 27 and 31.

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[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 4 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.

6. 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 within the scope of the relevant international or national accounting standard dealing with income taxes;

   (b) Assets arising from employee benefits (IPSAS 39, *Employee Benefits*);

   (c) Financial assets within the scope of IPSAS 41, *Financial Instruments*;

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

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

   (f) Groups of contracts within the scope of the relevant international or national accounting standard dealing with insurance contracts.

7. 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).

8. 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 IPSAS do not apply to such assets (or disposal groups) unless those IPSAS 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 this Standard 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 IPSAS 1, in particular paragraphs 27 and 140 of that Standard.

Definitions

9. **The following terms are used in this Standard with the meanings specified:**

   A <u>cash-generating unit</u> 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 <u>component of an entity</u> comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the entity.

   <u>Costs to sell</u> are the incremental costs directly attributable to the disposal of an asset (or disposal group), excluding finance costs and income tax expense.

[3] Other than paragraphs 26 and 27, which require the assets in question to be measured in accordance with other applicable IPSAS.

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

(a) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;

(b) It holds the asset primarily for the purpose of trading;

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

(d) The asset is cash or a cash equivalent (as defined in 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:

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

(b) Is part of a single coordinated plan to dispose of a separate operation 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 public sector combination if the group is a cash-generating unit to which goodwill has been allocated in accordance with the requirements of paragraphs 90A–90H of IPSAS 26, *Impairment of Cash-Generating Assets* or if it is an operation within such a cash-generating unit.

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 means 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 of disposal and its value in use.

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

10. **The term ‘fair value’ is used in this Standard with the same meaning as in IFRS 13, Fair Value.**

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

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

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

13. For the sale to be highly probable, the appropriate level of management must be committed to a plan to sell the asset (or disposal group), and an active 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 15, and actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. The probability of owners' approval[4] (if required in the jurisdiction) should be considered as part of the assessment of whether the sale is highly probable.

14. 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 11–13 are met, regardless of whether the entity will retain a non-controlling interest in its former controlled entity after the sale.

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

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

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

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

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[4] In the public sector, obtaining regulatory approval to sell assets is common.

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

Non-current Assets that are to be Abandoned

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

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

Measurement of Non-current Assets (or Disposal Groups) Classified as Held for Sale

Measurement of a Non-current Asset (or Disposal Group)

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

23. **An entity shall measure a non-current asset (or disposal group) classified as held for distribution to owners at the lower of its carrying amount and fair value less costs to distribute.**[5]

24. If a newly acquired asset (or disposal group) meets the criteria to be classified as held for sale (see paragraph 17), applying paragraph 22 will result in the asset (or disposal group) being measured on initial recognition at the lower of its carrying amount had it not been so classified (for example, cost) and fair value less costs to sell. Hence, if the asset (or disposal group) is acquired as part of a public sector acquisition (see IPSAS 40*, Public Sector Combinations*), it shall be measured at fair value less costs to sell. If the asset (or disposal group) is acquired as part of a public sector amalgamation (see IPSAS 40,), it shall be measured at the lower of its carrying amount and fair value less costs to sell.

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

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

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

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

Recognition of Impairment Losses and Reversals

28. 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, to the extent that it has not been recognized in accordance with paragraph 27.

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

30. An entity shall recognize 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 recognized in accordance with paragraph 27; but

    (b) Not in excess of the cumulative impairment loss that has been recognized, either in accordance with this Standard or previously in accordance with IPSAS 21 or IPSAS 26, on the non-current assets that are within the scope of the measurement requirements of this Standard.

31. The impairment loss (or any subsequent gain) recognized for a disposal group shall reduce (or increase) the carrying amount of the non-current assets in the group that are within the scope of the measurement requirements of this Standard, in the order of allocation set out in paragraphs 91(a) and (b) and 110 of IPSAS 26.

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

    (a) Paragraphs 82–87 of IPSAS 17 for property, plant, and equipment; and

    (b) Paragraphs 111–116 of IPSAS 31, *Intangible Assets,* for intangible assets.

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

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

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

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

    (a) Shall not follow the guidance in paragraphs 36–38 to account for this change. The entity shall apply the classification, presentation and measurement requirements in this 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 22 (if reclassified as held for sale) or 23 (if reclassified as held for distribution to owners) and recognize any reduction or increase in the fair value less costs to sell/costs to distribute of the non-current asset (or disposal group) by following the requirements in paragraphs 28–33.

    (c) Shall not change the date of classification in accordance with paragraphs 13 and 19. This does not preclude an extension of the period required to complete a sale or a distribution to owners if the conditions in paragraph 15 are met.

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

    (a) Its 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

    (b) Its recoverable amount at the date of the subsequent decision not to sell or distribute.[6]

37. The entity shall include any required adjustment to the carrying amount of a non-current asset that ceases to be classified as held for sale or as held for distribution to owners in surplus or deficit[7] from continuing operations in the period in which the criteria in paragraphs 12–15 or 19, respectively, are no longer met. Financial statements for the periods since classification as held for sale or as held for distribution to owners shall be amended accordingly if the disposal group or non-current asset that ceases to be classified as held for sale or as held for distribution to owners is a controlled entity, joint operation, joint venture, associate, or a portion of an interest in a joint venture or an associate. The entity shall present that adjustment in the same caption in the statement of financial performance used to present a gain or loss, if any, recognized in accordance with paragraph 47.

38. If an entity removes an individual asset or liability from a disposal group classified as held for sale, the remaining assets and liabilities of the disposal group to be sold shall continue to be measured as a group only if the group meets the criteria in paragraphs 12–15. If an entity removes an individual asset or liability from a disposal group classified as held for distribution to owners, the remaining assets and liabilities of the disposal group to be distributed shall continue to be measured as a group only if the group meets the criteria in paragraph 19. Otherwise, the remaining non-current assets of the group that individually meet the criteria to be classified as held for sale (or as held for distribution

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

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

to owners) shall be measured individually at the lower of their carrying amounts and fair values less costs to sell (or costs to distribute) at that date. Any non-current assets that do not meet the criteria for held for sale shall cease to be classified as held for sale in accordance with paragraph 34. Any non-current assets that do not meet the criteria for held for distribution to owners shall cease to be classified as held for distribution to owners in accordance with paragraph 34.

Presentation and Disclosure

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

Presenting Discontinued Operations

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

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

    (a) Represents 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.

42. 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 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 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; and

        (iv) The related income tax expense as required by the relevant international or national accounting standard dealing with income taxes.

    The analysis may be presented in the notes or in the statement of financial performance. If it is presented in the statement of financial performance it shall be presented in a section identified as relating to discontinued operations, i.e., separately from continuing operations.

The analysis is not required for disposal groups that are newly acquired controlled entities that meet the criteria to be classified as held for sale on acquisition (see paragraph 17).

(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 controlled entities that meet the criteria to be classified as held for sale on acquisition (see paragraph 17).

(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 financial performance.

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

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

(a) The 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.

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

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

Gains or Losses Relating to Continuing Operations

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

Presentation of a Non-current Asset or Disposal Group Classified as Held for Sale

48. An entity shall present a non-current asset classified as held for sale and the assets of a disposal group classified as held for sale separately from other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale shall be presented separately from other liabilities in the statement of financial position. Those assets and liabilities shall not be offset and presented as a single amount. The major classes of assets and liabilities classified as held for sale

shall be separately disclosed either in the statement of financial position or in the notes, except as permitted by paragraph 49. An entity shall present separately any cumulative revenue or expense recognized in the statement of changes in net assets/equity relating to a non-current asset (or disposal group) classified as held for sale.

49. 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 17), disclosure of the major classes of assets and liabilities is not required.

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

Additional Disclosures

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

    (a) A 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 recognized in accordance with paragraphs 28–30 and, if not separately presented in the statement of financial performance, the caption in the statement of financial performance that includes that gain or loss; and

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

52. An entity shall disclose in the notes, the fair value of the non-current asset (or disposal group) classified as held for sale when that non-current asset (or disposal group) is measured at a materially lower carrying amount than fair value.

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

Fair Value Disclosures

54. 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.

55. To meet the objectives in paragraph 54, an entity shall consider all the following:

    (a) The level of detail necessary to satisfy the disclosure requirements;

    (b) How much emphasis to place on each of the various requirements;

    (c) How much aggregation or disaggregation to undertake; and

    (d) Whether users of financial statements need additional information to evaluate the quantitative information disclosed.

If the disclosures provided in accordance with this Standard and other IPSAS are insufficient to meet the objectives in paragraph 54, an entity shall disclose additional information necessary to meet those objectives.

56. To meet the objectives in paragraph 54, an entity shall disclose, at a minimum, the following information for each class of assets and liabilities measured at fair value (including measurements based on fair value within the scope of IFRS 13, *Fair Value)*, in the statement of financial position after initial recognition:

    (a) The fair value measurement at the end of the reporting period, and the reasons for the measurement.

    (b) The level of the fair value hierarchy within which the fair value measurements are categorized in their entirety (Level 1, 2 or 3).

    (c) For fair value measurements categorized within Level 2 and Level 3 of the fair value hierarchy, a description of the measurement technique(s) and the inputs used in the fair value measurement. If there has been a change in measurement technique (e.g., changing from a market approach to an income approach or the use of an additional measurement technique), the entity shall disclose that change and the reason(s) for making it. For fair value measurements categorized within Level 3 of the fair value hierarchy, an entity shall provide quantitative information about the significant unobservable inputs used in the fair value measurement. An entity is not required to create quantitative information to comply with this disclosure requirement if quantitative unobservable inputs are not developed by the entity when measuring fair value (e.g., when an entity uses prices from prior transactions or third-party pricing information without adjustment). However, when providing this disclosure an entity cannot ignore quantitative unobservable inputs that are significant to the fair value measurement and are reasonably available to the entity.

    (d) For fair value measurements categorized within Level 3 of the fair value hierarchy, a description of the valuation processes used by the entity (including, for example, how an entity decides its valuation policies and procedures and analyses changes in fair value measurements from period to period).

    (e) For fair value measurements, if the highest and best use of a non-financial asset differs from its current use, an entity shall disclose that fact and why the non-financial asset is being used in a manner that differs from its highest and best use.

57. For each class of assets and liabilities not measured at fair value in the statement of financial position but for which the fair value is disclosed, an entity shall disclose the information required by paragraphs 56(b), 56(c) and 56(e). However, an entity is not required to provide the quantitative disclosures about significant unobservable inputs used in fair value measurements categorized within Level 3 of the fair value hierarchy required by paragraph 56(c). For such assets and liabilities, an entity does not need to provide the other disclosures required by this Standard.

Effective Date and Transition

Effective Date

58. **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.

59. When an entity adopts the accrual basis of IPSAS of accounting as defined in IPSAS 33, *First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs)* for financial reporting purposes subsequent to this effective date, this Standard applies to the entity's annual financial statements covering periods beginning on or after the date of adoption of IPSAS.

Transition

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

Appendix A

Application Guidance

This appendix is an integral part of IPSAS 44

Extension of the period required to complete a sale (paragraph15)

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

(a) At 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 favorable 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 12 and 13 are met.

Appendix B

Amendments to Other IPSAS

Amendments to IPSAS 1, *Presentation of Financial Statements*

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

…

Statement of Financial Position

…

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

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

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

…

(i) **Cash and cash equivalents;**

<u>(ia) **The total of assets classified as held for sale and assets included in disposal groups classified as held for sale in accordance with IPSAS 44, *Non-current Assets Held for Sale and Discontinued Operations*;**</u>

(j) **Taxes and transfers payable;**

…

(m) **Financial liabilities (excluding amounts shown under (j), (k) and (l));**

<u>(ma) **Liabilities included in disposal groups classified as held for sale in accordance with IPSAS 44.**</u>

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

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

…

Statement of Financial Performance

Surplus or Deficit for the Period

…

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

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

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

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

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

…

(d) [deleted]~~**Pre-tax gain or loss recognized on the disposal of assets or settlement of liabilities attributable to discontinuing operations; and**~~

(e) **Surplus or deficit~~.~~; and**

(f) **A single amount for the total of discontinued operations (see IPSAS 44).**

…

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

…

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

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

…

(e) ~~Discontinuing~~ Discontinued operations;

(f) …

…

Effective Date

…

153N. **Paragraphs 88, 102 and 107 were amended by IPSAS 44 issued in May 2022. An entity shall apply these amendments for annual financial statements covering periods beginning on or after January 1, 2025. Earlier application is permitted. If an entity applies the amendments for a period beginning before January 1, 2025, it shall disclose that fact and apply IPSAS 44 at the same time.**

…

Implementation Guidance

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

Illustrative Financial Statement Structure

…

Public Sector Entity—Statement of Accounting Policies (Extract)

…

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

(Illustrating the Classification of Expenses by Function)

(in thousands of currency units)

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

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

…

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

(Illustrating the Classification of Expenses by Nature)

(in thousands of currency units)

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

…

Comparison with IAS 1

IPSAS 1 is drawn primarily from IAS 1 (2003) and includes amendments made to IAS 1 as part of the *Improvements to IFRSs* issued in May 2008 and April 2009 respectively. At the time of initially issuing this Standard, the IPSASB ~~has~~ had not considered the applicability of IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, to public sector entities; therefore IPSAS 1 ~~does~~ did not reflect amendments made to IAS 1 consequent upon the issuing of IFRS 5. The IPSASB has subsequently issued IPSAS 44, *Non-current Assets Held for Sale and Discontinued Operations* in May 2022. Therefore, all amendments made to IAS 1 from the issuance of IFRS 5 are now reflected in IPSAS 1. The main differences between IPSAS 1 and IAS 1 are as follows:

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

…

Amendments to IPSAS 2, *Cash Flow Statements*

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

…

Presentation of a Cash Flow Statement

…

Operating Activities

…

22. Cash flows from operating activities are primarily derived from the principal cash-generating activities of the entity. Examples of cash flows from operating activities are:

    (a) Cash receipts from taxes, levies, and fines;

    …

    (k) Cash receipts or payments from ~~discontinuing~~ <u>discontinued</u> operations; and

    (l) …

…

Effective Date

…

<u>63I.</u> <u>**Paragraph 22 was amended by IPSAS 44, *Non-current Assets Held for Sale and Discontinued Operations* issued in May 2022. An entity shall apply this amendment for annual financial statements covering periods beginning on or after January 1, 2025. Earlier application is permitted. If an entity applies the amendments for a period beginning before January 1, 2025, it shall disclose that fact and apply IPSAS 44 at the same time.**</u>

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

Paragraphs 16 and 31 are amended and paragraph 32G is added. New text is underlined, and deleted text is struck through.

…

Recognition and Measurement

…

Dividends or Similar Distributions

…

16 If dividends or similar distributions to owners are declared ~~(i.e., the dividends or similar distributions are appropriately authorized and no longer at the discretion of the entity)~~ after the reporting date but before the financial statements are authorized for issue, the dividends or similar distributions are not recognized as a liability at the reporting date because no obligation exists at that time. Such

dividends or similar distributions are disclosed in the notes in accordance with IPSAS 1. Dividends and similar distributions do not include a return of capital.

…

Disclosure

…

Disclosure of Non-adjusting Events after the Reporting Date

…

31. The following are examples of non-adjusting events after the reporting date that would generally result in disclosure:

    (a) An unusually large decline in the value of property carried at fair value, where that decline is unrelated to the condition of the property at reporting date, but is due to circumstances that have arisen since the reporting date;

    …

    (d) Announcing a plan to discontinue an operation or major program~~, disposing of assets, or settling liabilities attributable to a discontinued operation or major program, or entering into binding agreements to sell such assets or settle such liabilities~~;

    (e) Major purchases ~~and disposals~~ of assets~~;~~, classification of assets as held for sale in accordance with IPSAS 44, *Non-current Assets Held for Sale and Discontinued Operations*, other disposals of assets, or expropriation of major assets by other public sector entities;

    (f) …

…

Effective Date

…

32G. **Paragraphs 16 and 31 were amended by IPSAS 44 issued in May 2022. An entity shall apply these amendments for annual financial statements covering periods beginning on or after January 1, 2025. Earlier application is permitted. If an entity applies the amendments for a period beginning before January 1, 2025, it shall disclose that fact and apply IPSAS 44 at the same time.**

…

Basis for Conclusions

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

…

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

BC8. When IPSAS 14 was revised as a result of Part II of *Improvements to IPSASs* 2015 ~~Stakeholders~~ stakeholders had indicated that IPSASs referred to non-current assets held for sale and disposal groups inconsistently. The IPSASB had concluded that IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, ~~may~~ might only be appropriate for the public sector in certain circumstances, for the following reasons:

(a) Sales of assets in the public sector ~~may~~ might not be completed within one year because of the levels of approval required. This ~~raises~~ had raised questions about the relevance and consistency of information provided in accordance with IFRS 5. In particular, the IPSASB ~~notes~~ had noted that, under IFRS 5, non-current assets held for sale are not depreciated. The IPSASB had~~s~~ concerns that not depreciating assets for an extended period of time ~~may~~ might be inappropriate.

(b) Many assets in the public sector are disposed of through a transfer or distribution for no or nominal consideration. As IFRS 5 deals with sales at fair value, the measurement and disclosure requirements ~~may~~ might not provide relevant information for these transfers. However, the IPSASB ~~recognizes~~ had recognized that the measurement and disclosure requirements in IFRS 5 ~~may~~ might be appropriate where sales are intended to take place at fair value.

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

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

BC8A. In developing IPSAS 44, *Non-current Assets Held for Sale and Discontinued Operations* the IPSASB concluded that in certain circumstances it would be appropriate for public sector entities to apply the requirements of IFRS 5. As a result, all the relevant references have been added.

…

Amendments to IPSAS 16, *Investment Property*

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

…

Measurement after recognition

…

Cost model

65. **After initial recognition, an entity that chooses the cost model shall measure investment property:**

    (a) **In accordance with IPSAS 44, *Non-current Assets Held for Sale and* Discontinued *Operations* if it meets the criteria to be classified as held for sale (or is included in a disposal group that is classified as held for sale);**

    ~~(a)~~(b) **In accordance with IPSAS 43, *Leases*, if it is held by a lessee as a right-of-use asset and is not held for sale in accordance with IPSAS 44; and**

    ~~(b)~~(c) **In accordance with the requirements in IPSAS 17 for the cost model in all other cases.**[8]

…

Disclosure

…

Fair value model

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

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

    …

    (c) **~~Disposals~~Assets classified as held for sale or included in a disposal group classified as held for sale in accordance with IPSAS 44 and other disposals;**

    (d) …

…

Cost Model

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

    (a) **The depreciation methods used;**

    …

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

---

8 Paragraph 65 will be amended and paragraphs 65(b) and 65(c) will be added, as part of ED 75, *Leases*.

(i) **Additions, disclosing separately those additions resulting from acquisitions and those resulting from subsequent expenditure recognized as an asset;**

(ii) **Additions resulting from acquisitions through public sector combinations;**

(iii) **~~Disposals~~<u>Assets classified as held for sale or included in a disposal group classified as held for sale in accordance with IPSAS 44 and other disposals</u>;**

(iv) …

…

Effective Date

<u>101I.</u> **<u>Paragraphs 65, 87 and 90 were amended by IPSAS 44 issued in May 2022. An entity shall apply these amendments for annual financial statements covering periods beginning on or after January 1, 2025. Earlier application is permitted. If an entity applies the amendments for a period beginning before January 1, 2025, it shall disclose that fact and apply IPSAS 44 at the same time.</u>**

…

Comparison with IAS 40

IPSAS 16 is drawn primarily from IAS 40 (2003), *Investment Property* and includes amendments made to IAS 40 as part of the *Improvements to IFRSs* issued in May 2008. At the time of <u>initially</u> issuing this Standard, the IPSASB ~~has~~ <u>had</u> not considered the applicability of IFRS 4, *Insurance Contracts*, and IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, to public sector entities; therefore IPSAS 16 ~~does~~ <u>did</u> not reflect amendments made to IAS 40 consequent upon the issue of those IFRSs. <u>The IPSASB has subsequently issued IPSAS 44, *Non-current Assets Held for sale and Discontinued Operations* in May 2022. Therefore, all amendments made to IAS 40 from the issuance of IFRS 5 are now reflected in IPSAS 16.</u> The main differences between IPSAS 16 and IAS 40 are as follows:

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

…

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

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

…

Scope

…

6. This Standard does not apply to:

(a) Biological assets related to agricultural activity other than bearer plants (see IPSAS 27, *Agriculture*). This Standard applies to bearer plants but does not apply to the produce on bearer plants;

(b) Mineral rights and mineral reserves such as oil, natural gas, and similar non-regenerative resources (see the relevant international or national accounting standard dealing with mineral rights, mineral reserves, and similar non-regenerative resources)~~.~~; and

(c) Property, plant, and equipment classified as held for sale in accordance with IPSAS 44, *Non-current Assets Held for Sale and Discontinued Operations*.

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

…

Depreciation

…

Depreciable amount and depreciation period

…

71. Depreciation of an asset begins when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with IPSAS 44 and the date that ~~when~~ the asset is derecognized. Therefore, depreciation does not cease when the asset becomes idle or is retired from active use and held for disposal unless the asset is fully depreciated. However, under usage methods of depreciation, the depreciation charge can be zero while there is no production.

…

Derecognition

…

83A. However, an entity that, in the course of its ordinary activities, routinely sells items of property, plant and equipment that it has held for rental to others shall transfer such assets to inventories at their carrying amount when they cease to be rented and become held for sale. The proceeds from the sale of such assets shall be recognized as revenue in accordance with IPSAS 9, *Revenue from Exchange Transactions*. IPSAS 44 does not apply when assets that are held for sale in the ordinary course of operations are transferred to inventories.

…

Disclosure

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

(a) **The measurement bases used for determining the gross carrying amount;**

…

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

(i) **Additions;**

(ii) **~~Disposals~~Assets classified as held for sale or included in a disposal group classified as held for sale in accordance with IPSAS 44 and other disposals;**

(iii) …

…

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

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

…

(c) The carrying amount of property, plant, and equipment retired from active use and ~~held for disposal~~ not classified as held for sale in accordance with IPSAS 44; and

(d) …

…

Effective Date

…

107S. **Paragraphs 6, 71, 83A, 88 and 94 were amended by IPSAS 44 issued in May 2022. An entity shall apply these amendments for annual financial statements covering periods beginning on or after January 1, 2025. Earlier application is permitted. If an entity applies the amendments for a period beginning before January 1, 2025, it shall disclose that fact and apply IPSAS 44 at the same time.**

Comparison with IAS 16

IPSAS 17 is drawn primarily from IAS 16 (2003), *Property, Plant and Equipment* and includes amendments made to IAS 16 as part of the *Improvements to IFRSs* issued in May 2008. At the time of initially issuing this Standard, the IPSASB ~~has~~ had not considered the applicability of IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations* to public sector entities; therefore, IPSAS 17 ~~does~~ did not reflect amendments made to IAS 16 consequent upon the issue of IFRS 5. The IPSASB has subsequently issued IPSAS 44, *Non-current Assets Held for Sale and Discontinued Operations*. Therefore, all amendments made to IAS 16 from the issuance of IFRS 5 are now reflected in IPSAS 17. The main differences between IPSAS 17 and IAS 16 (2003) are as follows:

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

…

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

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

…

Scope

…

6. This Standard applies to provisions for restructuring (including discontinued operations ~~being discontinued~~). When a restructuring meets the definition of a discontinued operation, additional disclosures may be required by IPSAS 44, *Non-current Assets Held for Sale and Discontinued Operations*. ~~An entity shall disclose information that enables users of its financial statements to evaluate the financial effects of a restructuring.~~

…

Effective Date

…

111M. **Paragraph 6 was amended by IPSAS 44 issued in May 2022. An entity shall apply this amendment for annual financial statements covering periods beginning on or after January 1, 2025. Earlier application is permitted. If an entity applies the amendments for a period beginning before January 1, 2025, it shall disclose that fact and apply IPSAS 44at the same time.**

…

Basis for Conclusions

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

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

BC1. When IPSAS 19 was revised as a result of Part II of *Improvements to IPSASs 2015* ~~Stakeholders~~ stakeholders had indicated that IPSASs referred to non-current assets held for sale and disposal groups inconsistently. The IPSASB had concluded that IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, ~~may~~ might only be appropriate for the public sector in certain circumstances, for the following reasons:

(a) Sales of assets in the public sector ~~may~~ might not be completed within one year because of the levels of approval required. This ~~raises~~ had raised questions about the relevance and consistency of information provided in accordance with IFRS 5. In particular, the IPSASB ~~notes~~ had noted that, under IFRS 5, non-current assets held for sale are not depreciated. The IPSASB ~~has~~ had concerns that not depreciating assets for an extended period of time ~~may~~ might be inappropriate.

(b) Many assets in the public sector are disposed of through a transfer or distribution for no or nominal consideration. As IFRS 5 deals with sales at fair value, the measurement and disclosure requirements ~~may~~ might not provide relevant information for these transfers. However, the IPSASB ~~recognizes~~ had recognized that the measurement and disclosure requirements in IFRS 5 ~~may~~ might be appropriate where sales are intended to take place at fair value.

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

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

BC1A. In developing IPSAS 44, *Non-current Assets Held for Sale and Discontinued Operations* the IPSASB concluded that in certain circumstances it would be appropriate for public sector entities to apply the requirements of IFRS 5. As a result, all the relevant references have been added.

…

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

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

…

Scope

2. **An entity that prepares and presents financial statements under the accrual basis of accounting shall apply this Standard in accounting for impairment of non-cash-generating assets, except:**

   (a) **Inventories (see IPSAS 12, *Inventories*);**

   …

   (d) **Investment property that is measured using the fair value model (see IPSAS 16, *Investment Property*); ~~and~~**

   (e) [Deleted]

   (f) [Deleted]

   (fa) **Non-current assets (disposal groups) classified as held for sale in accordance with IPSAS 44, *Non-current Assets Held for Sale and Discontinued Operations*; and**

   (g) **Other assets in respect of which accounting requirements for impairment are included in another IPSAS.**

…

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

…

Identifying an Asset that may be Impaired

…

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

    External sources of information

    (a) **Cessation, or near cessation, of the demand or need for services provided by the asset;**

    (b) **Significant long-term changes with an adverse effect on the entity have taken place during the period, or will take place in the near future, in the technological, legal, or government policy environment in which the entity operates;**

    Internal sources of information

    (c) **Evidence is available of physical damage of an asset;**

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

(e) …

…

1 Once an asset meets the criteria to be classified as held for sale (or is included in a disposal group that is classified as held for sale), it is excluded from the scope of this Standard and is accounted for in accordance with IPSAS 44, *Non-current Assets Held for Sale and Discontinued Operations*.

Effective Date

…

82K. **Paragraphs 2, 8 and 27 were amended by IPSAS 44 issued in May 2022. An entity shall apply these amendments for annual financial statements covering periods beginning on or after January 1, 2025. Earlier application is permitted. If an entity applies the amendments for a period beginning before January 1, 2025, it shall disclose that fact and apply IPSAS 44 at the same time.**

…

Comparison with IAS 36 (2004)

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

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

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

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

…

Scope

2. **An entity that prepares and presents financial statements under the accrual basis of accounting shall apply this Standard in accounting for the impairment of cash-generating assets, except for:**

   (a) **Inventories (see IPSAS 12*, Inventories*);**

   …

   (k) **Deferred acquisition costs, and intangible assets, arising from an insurer's contractual rights under insurance contracts within the scope of the relevant international or national accounting standard dealing with insurance contracts; ~~and~~**

   (l) [Deleted]

   (la) **Non-current assets (or disposal groups) classified as held for sale in accordance with IPSAS 44, *Non-current Assets Held for Sale and Discontinued Operations*; and**

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

…

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

…

Identifying an Asset that may be Impaired

…

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

   External sources of information

   (a) **During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use;**

(b) **Significant changes with an adverse effect on the entity have taken place during the period, or will take place in the near future, in the technological, market, economic, or legal environment in which the entity operates, or in the market to which an asset is dedicated;**

(c) **Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially;**

Internal sources of information

(d) **Evidence is available of obsolescence or physical damage of an asset;**

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

(f) …

…

1 Once an asset meets the criteria to be classified as held for sale (or is included in a disposal group that is classified as held for sale), it is excluded from the scope of this Standard and is accounted for in accordance with IPSAS 44, *Non-current Assets Held for Sale and Discontinued Operations*.

Effective Date

…

126M. **Paragraphs 2, 8 and 25 were amended by IPSAS 44 issued in May 2022. An entity shall apply these amendments for annual financial statements covering periods beginning on or after January 1, 2025. Earlier application is permitted. If an entity applies the amendments for a period beginning before January 1, 2025, it shall disclose that fact and apply IPSAS 44 at the same time.**

…

Basis for Conclusions

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

…

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

BC19. When IPSAS 26 was revised as a result of Part II of *Improvements to IPSASs 2015* ~~Stakeholders~~ stakeholders had indicated that IPSASs referred to non-current assets held for sale and disposal groups inconsistently. The IPSASB had concluded that IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, ~~may~~ might only be appropriate for the public sector in certain circumstances, for the following reasons:

(a) Sales of assets in the public sector ~~may~~ might not be completed within one year because of the levels of approval required. This ~~raises~~ had raised questions about the relevance and consistency of information provided in accordance with IFRS 5. In particular, the IPSASB ~~notes~~ had noted that, under IFRS 5, non-current assets held for sale are not depreciated. The IPSASB ~~has~~ had concerns that not depreciating assets for an extended period of time ~~may~~ might be inappropriate.

(b) Many assets in the public sector are disposed of through a transfer or distribution for no or nominal consideration. As IFRS 5 deals with sales at fair value, the measurement and disclosure requirements ~~may~~ might not provide relevant information for these transfers. However, the IPSASB ~~recognizes~~ had recognized that the measurement and disclosure requirements in IFRS 5 ~~may~~ might be appropriate where sales are intended to take place at fair value.

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

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

BC19A. In developing IPSAS 44, *Non-current Assets Held for Sale and Discontinued Operations* the IPSASB concluded that in certain circumstances it would be appropriate for public sector entities to apply the requirements of IFRS 5. As a result, all the relevant references have been added.

…

Amendments to IPSAS 27, *Agriculture*

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

…

Recognition and Measurement

…

Inability to Measure Fair Value Reliably

34. **There is a presumption that fair value can be measured reliably for a biological asset. However, that presumption can be rebutted only on initial recognition for a biological asset for which market-determined prices or values are not available, and for which alternative estimates of fair value are determined to be clearly unreliable. In such a case, that biological asset shall be measured at its cost less any accumulated depreciation and any accumulated impairment losses. Once the fair value of such a biological asset becomes reliably measurable, an entity shall measure it at its fair value less costs to sell. Once a non-current biological asset meets the criteria to be classified as held for sale (or is included in a disposal group that is classified as held for sale) in accordance with IPSAS 44, *Non-current Assets Held for Sale and Discontinued Operations*, it is presumed that fair value can be measured reliably.**

…

Disclosures

…

48. **An entity shall present a reconciliation of changes in the carrying amount of biological assets between the beginning and the end of the current period. The reconciliation shall include:**

    (a) **The gain or loss arising from changes in fair value less costs to sell, disclosed separately for bearer biological assets and consumable biological assets;**

    …

    (d) **Decreases attributable to sales and biological assets classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with IPSAS 44;**

    (e) …

…

Effective Date

…

56H. **Paragraphs 34 and 48 were amended by IPSAS 44 issued in May 2022. An entity shall apply these amendments for annual financial statements covering periods beginning on or after January 1, 2025. Earlier application is permitted. If an entity applies the amendments for a period beginning before January 1, 2025, it shall disclose that fact and apply IPSAS 44 at the same time.**

…

Basis for Conclusions

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

…

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

BC15. When IPSAS 27 was revised as a result of Part II of *Improvements to IPSASs 2015* ~~Stakeholders~~ stakeholders had indicated that IPSASs referred to non-current assets held for sale and disposal groups inconsistently. The IPSASB had concluded that IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, ~~may~~ might only be appropriate for the public sector in certain circumstances, for the following reasons:

(a) Sales of assets in the public sector ~~may~~ might not be completed within one year because of the levels of approval required. This ~~raises~~ had raised questions about the relevance and consistency of information provided in accordance with IFRS 5. In particular, the IPSASB ~~notes~~ had noted that, under IFRS 5, non-current assets held for sale are not depreciated. The IPSASB ~~has~~ had concerns that not depreciating assets for an extended period of time ~~may~~ might be inappropriate.

(b) Many assets in the public sector are disposed of through a transfer or distribution for no or nominal consideration. As IFRS 5 deals with sales at fair value, the measurement and disclosure requirements ~~may~~ might not provide relevant information for these transfers. However, the IPSASB ~~recognizes~~ had recognized that the measurement and disclosure requirements in IFRS 5 ~~may~~ might be appropriate where sales are intended to take place at fair value.

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

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

BC15A. In developing IPSAS 44, *Non-current Assets Held for Sale and Discontinued Operations* the IPSASB concluded that in certain circumstances it would be appropriate for public sector entities to apply the requirements of IFRS 5. As a result, all the relevant references have been added.

…

Amendments to IPSAS 31, *Intangible Assets*

Paragraphs 6, 96, 116 and 117 are amended and paragraph 132L was added. New text is underlined, and deleted text is struck through.

…

Scope

…

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

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

   …

   (h) Non-current intangible assets classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with IPSAS 44, *Non-current Assets Held for Sale and Discontinued Operations*.

…

Intangible Assets with Finite Useful Lives

Amortization Period and Amortization Method

96. **The depreciable amount of an intangible asset with a finite useful life shall be allocated on a systematic basis over its useful life. Amortization shall begin when the asset is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Amortization shall cease at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with IPSAS 44 and the date that the asset is derecognized. The amortization method used shall reflect the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. If that pattern cannot be determined reliably, the straight-line method shall be used. The amortization charge for each period shall be recognized in surplus or deficit unless this or another Standard permits or requires it to be included in the carrying amount of another asset.**

…

Retirements and Disposals

…

116. Amortization of an intangible asset with a finite useful life does not cease when the intangible asset is no longer used, unless the asset has been fully depreciated~~.~~ or is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with IPSAS 44.

Disclosure

General

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

  (a) **Whether the useful lives are indefinite or finite and, if finite, the useful lives or the amortization rates used;**

  (b) **The amortization methods used for intangible assets with finite useful lives;**

  (c) **The gross carrying amount and any accumulated amortization (aggregated with accumulated impairment losses) at the beginning and end of the period;**

  (d) **The line item(s) of the statement of financial performance in which any amortization of intangible assets is included;**

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

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

    (ii) **~~Disposals~~Assets classified as held for sale or included in a disposal group classified as held for sale in accordance with IPSAS 44 and other disposals;**

    (iii) …

…

Effective Date

…

132L. **Paragraphs 6, 96, 116 and 117 were amended by IPSAS 44 issued in May 2022. An entity shall apply these amendments for annual financial statements covering periods beginning on or after January 1, 2025. Earlier application is permitted. If an entity applies the amendments for a period beginning before January 1, 2025, it shall disclose that fact and apply IPSAS 44 at the same time.**

…

Basis for Conclusions

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

…

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

BC11. When IPSAS 31 was revised as a result of Part II of *Improvements to IPSASs 2015* ~~Stakeholders~~ stakeholders had indicated that IPSASs referred to non-current assets held for sale and disposal groups inconsistently. The IPSASB had concluded that IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, ~~may~~ might only be appropriate for the public sector in certain circumstances, for the following reasons:

(a) Sales of assets in the public sector ~~may~~ might not be completed within one year because of the levels of approval required. This ~~raises~~ had raised questions about the relevance and consistency of information provided in accordance with IFRS 5. In particular, the IPSASB ~~notes~~ had noted that, under IFRS 5, non-current assets held for sale are not depreciated. The IPSASB ~~has~~ had concerns that not depreciating assets for an extended period of time ~~may~~ might be inappropriate.

(b) Many assets in the public sector are disposed of through a transfer or distribution for no or nominal consideration. As IFRS 5 deals with sales at fair value, the measurement and disclosure requirements ~~may~~ might not provide relevant information for these transfers. However, the IPSASB ~~recognizes~~ had recognized that the measurement and disclosure requirements in IFRS 5 ~~may~~ might be appropriate where sales are intended to take place at fair value.

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

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

BC11A. In developing IPSAS 44, *Non-current Assets Held for Sale and Discontinued Operations* the IPSASB concluded that in certain circumstances it would be appropriate for public sector entities to apply the requirements of IFRS. As a result, all the relevant references have been added.

…

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

Paragraph 131A and the associated heading and paragraph 154K are added. New text is underlined, and deleted text is struck through.

…

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

…

IPSAS 35, Consolidated Financial Statements

…

Non-controlling Interests

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

(a) The requirement in paragraph 49 that the total amount recognized in the statement of changes in net assets/equity is attributed to the owners of the controlling entity and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance;

(b) The requirements in paragraphs 48 and 51 for accounting for changes in the controlling entity's interest in a controlled entity that do not result in the loss of control; and

(c) The requirements in paragraphs 53-55 for accounting for a loss of control over a controlled entity, and the related requirements of paragraph 13 of IPSAS 44, *Non-current Assets Held for Sale and Discontinued Operations*.

…

Effective Date

…

154K. **Paragraph 131A and the associated heading were added by IPSAS 44 issued in May 2022. An entity shall apply this amendment for annual financial statements covering periods beginning on or after January 1, 2025. Earlier application is permitted. If an entity applies the amendments for a period beginning before January 1, 2025, it shall disclose that fact and apply IPSAS 44 at the same time.**

Amendments to IPSAS 34, *Separate Financial Statements*

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

Preparation of Separate Financial Statements

…

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

    (a) **At cost;**

    (b) **In accordance with IPSAS 41; or**

    (c) **Using the equity method as described in IPSAS 36**.

    The entity shall apply the same accounting for each category of investments. Investments accounted for at cost or using the equity method shall be accounted for in accordance with IPSAS 44, *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale or for distribution (or included in a disposal group that is classified as held for sale or for distribution). The measurement of investments accounted for in accordance with IPSAS 41 is not changed in such circumstances.

…

Transitional Provisions

…

Effective Date

…

32D. **Paragraph 12 was amended by IPSAS 44 issued in May 2022. An entity shall apply this amendment for annual financial statements covering periods beginning on or after January 1, 2025. Earlier application is permitted. If an entity applies the amendments for a period beginning before January 1, 2025, it shall disclose that fact and apply IPSAS 44 at the same time.**

…

Amendments to IPSAS 35, *Consolidated Financial Statements*

> **Comparison with IFRS 10**
>
> IPSAS 35, *Consolidated Financial Statements* is drawn primarily from IFRS 10, *Consolidated Financial Statements* (issued in 2011, including amendments up to December 31, 2014). At the time of initially issuing this Standard, the IPSASB ~~has~~ had not considered the applicability to public sector entities of certain IFRSs referred to in IFRS 10. These standards included:
>
> - IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*; and
> - IFRS 9, *Financial Instruments*.
>
> The IPSASB has subsequently issued IPSAS 44, *Non-current Assets Held for Sale and Discontinued Operations* in May, 2022.
>
> …

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

Paragraph 21 is amended and paragraphs 25A and 25B, and the related heading and paragraph 51J are added. New text is underlined, and deleted text is struck through.

…

Equity Method

…

21. ~~**An investment in an associate or a joint venture accounted for using the equity method shall be classified as a non-current asset.**~~Unless an investment, or a portion of an investment, in an associate or a joint venture is classified as held for sale in accordance with IPSAS 44, *Non-current Assets Held for Sale and Discontinued Operations*, the investment, or any retained interest in the investment not classified as held for sale, shall be classified as a non-current asset.

…

Application of the ~~equity method~~ Equity Method

…

Classification as ~~held~~ Held for ~~sale~~ Sale

25A. An entity shall apply IPSAS 44 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale shall be accounted for using the equity method until disposal of the portion that is classified as held for sale takes place. After the disposal takes place, an entity shall account for any retained interest in the associate or joint venture in accordance with IPSAS 41 unless the retained interest continues to be an associate or a joint venture, in which case the entity uses the equity method.

25B. When an investment, or a portion of an investment, in an associate or a joint venture previously classified as held for sale no longer meets the criteria to be so classified, it shall be accounted for using the equity method retrospectively as from the date of its classification as held for sale.

Financial statements for the periods since classification as held for sale shall be amended accordingly.

…

Effective Date and Transition

…

51J. **Paragraph 21 was amended and paragraphs 25A and 25B and the related heading were added by IPSAS 44 issued in May 2022. An entity shall apply these amendments for annual financial statements covering periods beginning on or after January 1, 2025. Earlier application is permitted. If an entity applies the amendments for a period beginning before January 1, 2025, it shall disclose that fact and apply IPSAS 44 at the same time.**

…

IPSAS 36—INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

CONTENTS

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

Paragraphs AG12 and AG16 are amended and paragraphs 3A, 61D and AG16A are added. New text is underlined, and deleted text is struck through.

…

Scope

…

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

   (a) **Controlled entities;**

   (b) **Joint arrangements (i.e., joint operations or joint ventures);**

   (c) **Associates; or**

   (d) **Structured entities that are not consolidated.**

3A Except as described in paragraph AG16A, the requirements in this Standard apply to an entity's interests listed in paragraph 3 that are classified (or included in a disposal group that is classified) as held for sale or discontinued operations in accordance with IPSAS 44, *Non-current Assets Held for Sale and Discontinued Operations*.

…

Effective Date

…

61D. **Paragraphs AG12 and AG16 were amended and paragraphs 3A and AG16A were added by IPSAS 44 issued in May 2022. An entity shall apply these amendments for annual financial statements covering periods beginning on or after January 1, 2025. Earlier application is permitted. If an entity applies the amendments for a period beginning before January 1, 2025, it shall disclose that fact and apply IPSAS 44 at the same time.**

…

Application Guidance

…

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

(a) Dividends or similar distributions received from the joint venture or associate; and

(b) Summarized financial information for the joint venture or associate (see paragraphs AG14 and AG15) including, but not necessarily limited to:

   (i) Current assets;

   …

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

(viii) …

…

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

(a) Revenue.

…

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

(d) …

AG16A. When an entity's interest in a controlled entity, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) is classified (or included in a disposal group that is classified) as held for sale in accordance with IPSAS 44, *Non-current Assets Classified as Held for Sale and Discontinued Operations*, the entity is not required to disclose summarized financial information for that controlled entity, joint venture or associate in accordance with paragraphs AG10-AG16.

…

Amendments to IPSAS 40, *Public Sector Combinations*

Paragraph 124 is amended and paragraphs 84A and the associated heading and 126F are added. New text is underlined, and deleted text is struck through.

…

The Acquisition Method of Accounting

…

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

…

Exceptions to the Recognition or Measurement Principles

…

Exceptions to the Measurement Principle

…

Assets Held for Sale

84A. The acquirer shall measure an acquired non-current asset (or disposal group) that is classified as held for sale at the acquisition date in accordance with IPSAS 44, *Non-current Assets Held for Sale and Discontinued Operations* at fair value less costs to sell in accordance with paragraphs 22-26 of that Standard.

…

Disclosures

…

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

(a) If the initial accounting for an acquisition is incomplete (see paragraph 103) for particular assets, liabilities, non-controlling interests or items of consideration and the amounts recognized in the financial statements for the acquisition thus have been determined only provisionally:

(i) The reasons why the initial accounting for the acquisition is incomplete;

(ii) The assets, liabilities, quantifiable ownership interests (or equivalent) or items of consideration for which the initial accounting is incomplete; and

(iii) The nature and amount of any measurement period adjustments recognized during the reporting period in accordance with paragraph 107.

…

(d) A reconciliation of the carrying amount of goodwill at the beginning and end of the reporting period showing separately:

(i) The gross amount and accumulated impairment losses at the beginning of the reporting period.

(ii) Additional goodwill recognized during the reporting period, except goodwill included in a disposal group that, on acquisition, meets the criteria to be classified as held for sale in accordance with IPSAS 44.

(iii) Adjustments resulting from the subsequent recognition of amounts during the reporting period in accordance with the relevant international or national accounting standard dealing with income taxes.

(iv) Goodwill included in a disposal group classified as held for sale in accordance with IPSAS 44 and ~~Goodwill~~ goodwill derecognized during the reporting period without having previously been included in a disposal group classified as held for sale.

(v) …

…

Effective Date and Transition

Effective Date

…

126F. **Paragraph 124 was amended and paragraph 84A and the associated heading were added by IPSAS 44 issued in May 2022. An entity shall apply these amendments for annual financial statements covering periods beginning on or after January 1, 2025. Earlier application is**

permitted. If an entity applies the amendments for a period beginning before January 1, 2025, it shall disclose that fact and apply IPSAS 44 at the same time.

…

Amendments to IPSAS 43, Leases

Paragraph 78 is amended and paragraph 103A added. New text is underlined, and deleted text is struck through.

…

Lessor

…

Finance Leases

…

Subsequent Measurement

…

78. A lessor that classifies an asset under a finance lease as held for sale (or includes it in a disposal group that is classified as held for sale) applying ~~the relevant national or international accounting standard dealing with non-current assets held for sale and discontinued operations~~ IPSAS 44, *Non-current Assets Held for Sale and Discontinued Operations* shall account for that asset in accordance with that Standard.

…

Effective Date and Transition

Effective Date

…

103A **Paragraph 78 was amended by IPSAS 44 issued in May 2022. An entity shall apply these amendments for annual financial statements covering periods beginning on or after January 1, 2025. Earlier application is permitted. If an entity applies the amendments for a period beginning before January 1, 2025, it shall disclose that fact and apply IPSAS 44 at the same time.**

Basis for Conclusions

This Basis for Conclusions accompanies, but is not part of, IPSAS 44.

Objective

BC1. This Basis for Conclusions summarizes the IPSASB's considerations in reaching the conclusions on IPSAS 44, *Non-current Assets Held for Sale and Discontinued Operations*. This Standard is based on IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations* (including amendments up to March 2017) issued by the International Accounting Standards Board (IASB). The Basis for Conclusions outlines only those areas where IPSAS 44 departs from the requirements of IFRS 5.

Background

BC2. IFRS 5 was issued by the IASB in March 2004 and its objective is to specify the accounting for non-current assets held for sale, and the presentation and disclosure of discontinued operations. Prior to the issuance of this Standard there were no equivalent requirements in IPSAS for the accounting for non-current assets held for sale.

BC3. The IPSASB's *Strategy and Work Plan 2019-2023* identified a project to develop an IPSAS aligned with IFRS 5 as part of Theme B – 'Maintaining alignment with IFRS' which then led to the development of this Standard. The IPSASB approved the Project Brief for this Standard at the June 2020 IPSASB meeting.

BC4. The IPSASB considered whether the title of this Standard should differ from IFRS 5 but decided that there was no public sector reason to do so.

Scope

BC5. The IPSASB considered whether assets that are surplus to an entity's operational requirements, but where no decision as to their future (i.e., either sale, transfer, or scrap) has been taken, should be within the scope of this Standard. The IPSASB also considered whether non-current assets that are to be transferred, rather than sold, to another public sector entity should be within scope.

BC6. The IPSASB noted that this project is an IFRS alignment project. IFRS 5 is intended to apply only to non-current assets that will be sold. Specific criteria have to be met for non-current assets to be classified as held for sale. As a result of public consultation and other regulatory requirements, public sector asset disposals can take considerable periods of time. The IPSASB decided that while such assets may be surplus to operational needs for this extended period, they would not meet the criteria for classification as held for sale until compliance with the necessary consultation and other regulatory requirements have been met. Until the criteria have been met, such assets, and assets to be transferred to another public sector entity, would fall outside the scope of this Standard, and should be accounted for under the requirements of the relevant IPSAS.

BC7. The IPSASB also discussed whether disclosures requiring the carrying amount of surplus non-current assets or non-current assets that are to be transferred to other public sector entities should be added to IPSAS 17, *Property, Plant, and Equipment* and IPSAS 31, *Intangible Assets*. The IPSASB decided that, because these transactions are beyond the scope of IPSAS 44 (as noted above in BC6) and are not consequential amendments arising from this Standard, it is not appropriate to include a requirement for such disclosures in IPSAS 44. The IPSASB also noted that

IPSAS 17 encourages disclosures for temporarily idle property, plant, and equipment, and property, plant, and equipment retired from active use that is not within the scope of IPSAS 44.

Definitions

BC8. The IPSASB decided to replace the IFRS 5 definition of a 'cash-generating unit' with the definition in IPSAS 26, *Impairment of Cash-Generating Assets* to maintain consistency of terminology within IPSAS.

Measurement

BC9. The IPSASB considered whether there was any public sector reason to depart from the measurement requirements in IFRS 5. These requirements are that non-current assets classified as held for sale are to be measured at the lower of carrying amount and fair value less costs to sell. The IPSASB discussed whether non-current assets classified as held for sale should only be measured at fair value because the purpose of holding such assets is for financial capacity. It was noted that when public sector assets that are non-cash-generating and are held for their operational capacity are to be sold, the purpose of holding these assets changes from operational capacity to financial capacity, and fair value provides the most relevant value.

BC10. However, the IPSASB noted that, in circumstances where assets are measured using the historical cost model and the carrying amount is lower than the fair value less costs to sell, an entity would need to recognize an increase in value either as revenue or as a gain on revaluation. The IPSASB concluded that such an increase in value did not meet the recognition criteria for revenue nor was recognition as a gain on revaluation appropriate under the historical cost model. Further, this situation would not be unique to the public sector and so there was no reason to depart from the measurement requirement of IFRS 5 for this Standard.

BC11. The IPSASB also considered whether the measurement requirements in IFRS 5 should be adapted so that non-current assets that are to be sold in a negotiated agreement at a value other than fair value (for policy reasons) should be measured at the lower of carrying amount and net selling price. The IPSASB noted that private sector entities also sell assets at amounts other than fair value, and so there is no public sector reason to depart from the requirements of IFRS 5.

BC12. The IPSASB noted that IFRS 5 requires assets acquired in a business combination that meet the criteria to be classified as held for sale to be measured at fair value less costs to sell. However, in a public sector combination, assets can be acquired through an acquisition or an amalgamation. Assets acquired through a public sector acquisition are measured on acquisition at fair value; therefore, if they meet the criteria to be classified as held for sale, they are measured at fair value less costs to sell. However, assets acquired in a public sector amalgamation are measured at the carrying amount. Under the IFRS 5 requirements, if these assets met the criteria to be held for sale, they would be measured at fair value less costs to sell, and hence there may be an increase in value. Therefore, the IPSASB amended the requirements for assets acquired through a public sector amalgamation that met the criteria to be classified as held for sale: these should be measured at the lower of carrying amount and fair value less costs to sell.

Cross-Reference to IFRS 13, Fair Value

BC13. The IPSASB decided to refer to IFRS 13, *Fair Value* instead of the relevant national or international accounting standard dealing with measurement, where appropriate. In reaching this decision, the IPSASB noted that these references will be updated when a new IPSAS on Measurement is issued.

Disclosure

BC14. The IPSASB decided that in the public sector, transparency and accountability are important when an entity decides to sell non-current assets. Therefore, when an asset is classified as held for sale and measured at a carrying amount that is materially lower than fair value, disclosure of the asset's fair value in the notes to the financial statements provides users with information relevant for holding the entity accountable. The IPSASB also noted that this was consistent with advice from members of the IPSASB Consultative Advisory Group that information which allows users to hold the entity accountable for decisions regarding sales of non-current assets is in the public interest.

Effective Date

BC15. The IPSASB decided that IPSAS 44 should have an effective date for annual financial statements covering periods beginning on or after January 1, 2025, which aligns with the effective date for IPSAS 43, *Leases*. Earlier application permitted, but IPSAS 43, *Leases,* would need to be applied at the same time.

IMPLEMENTATION GUIDANCE

CONTENTS

Implementation Guidance

This guidance accompanies, but is not part of, IPSAS 44.

Availability for immediate sale (paragraph 12)

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

Example 1

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

(a) The government entity intends to transfer the building to a buyer after it vacates the building. The time necessary to vacate the building is usual and customary for sales of such assets. The criterion in paragraph 12 would be met at the plan commitment date.

(b) The government entity will continue to use the building until construction of a new municipal building is completed. The government entity does not intend to transfer the existing building to a buyer until after construction of the new building is completed (and it vacates the existing building). The delay in the timing of the transfer of the existing building imposed by the government entity (seller) demonstrates that the building is not available for immediate sale. The criterion in paragraph 12 would not be met until construction of the new building is completed, even if a firm purchase commitment for the future transfer of the existing building is obtained earlier.

Example 2

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

(a) The government entity intends to sell the road repair operation with its existing government road repair orders. Any uncompleted government road repair orders at the sale date will be transferred to the buyer and the buyer will repair government roads on a contract basis. The transfer of uncompleted government road repair orders at the sale date will not affect the timing of the transfer of the facility. The criterion in paragraph 12 would be met at the plan commitment date.

(b) The government entity intends to sell the road repair operation, but without its existing road repair orders. The government entity does not intend to transfer the operation to a buyer until after the backlog of uncompleted government road repair orders are fulfilled. The delay in the timing of the transfer of the operation imposed by the government entity (seller) demonstrates that the operation is not available for immediate sale. The criterion in paragraph 12 would not be met until government road repair orders are completed, even if a firm purchase commitment for the future transfer of the operation were obtained earlier.

Example 3

A government entity seizes, due to the owner failing to pay taxes, a property comprising land and buildings that it intends to sell.

(a) The government entity does not intend to transfer the property to a buyer until after it completes renovations to increase the property's sales value. The delay in the timing of the transfer of the property imposed by the government entity (seller) demonstrates that the property is not available for immediate sale. The criterion in paragraph 12 would not be met until the renovations are completed.

(b) After the renovations are completed and the property is classified as held for sale but before a firm purchase commitment is obtained, the government entity becomes aware of environmental damage requiring remediation. The government entity still intends to sell the property. However, the government entity does not have the ability to transfer the property to a buyer until after the remediation is completed. The delay in the timing of the transfer of the property imposed by others before a firm purchase commitment is obtained demonstrates that the property is not available for immediate sale. The criterion in paragraph 12 would not continue to be met as the property is no longer available for immediate sale. The property would be reclassified as held and used in accordance with paragraph 34.

Completion of sale expected within one year (paragraph 13)

Example 4

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

(a) A government entity that supplies computer equipment to individual departmental agencies, holds obsolete equipment and it has not yet been determined whether the equipment will be sold to employees, transferred to another public sector entity at no cost or donated to a not-for-profit entity.

(b) A government entity is committed to a plan to 'sell' a property that is in use as part of a sale and leaseback transaction, but the transfer does not qualify to be accounted for as a sale in accordance with paragraph 98 of IPSAS 43, *Leases* and, instead, will be accounted for in accordance with paragraph 102 of IPSAS 43.

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

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

Example 5

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

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

Example 6

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

Example 7

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

(a) During the initial one-year period, the market conditions that existed at the date the asset was classified initially as held for sale deteriorate and, as a result, the asset is not sold by the end of that period. During that period, the government entity actively solicited but did not receive any reasonable offers to purchase the asset and, in response, reduced the price. The asset continues to be actively marketed at a price that is reasonable given the change in market conditions, and the criteria in paragraphs 12 and 13 are therefore met. In that situation, the conditions in paragraph AG1(c) for an exception to the one-year requirement in paragraph 13 would be met. At the end of the initial one-year period, the asset would continue to be classified as held for sale.

(b) During the following one-year period, market conditions deteriorate further, and the asset is not sold by the end of that period. The government entity believes that the market conditions will improve and has not further reduced the price of the asset. The asset continues to be held for sale, but at a price in excess of its current fair value. In that situation, the absence of a price reduction demonstrates that the asset is not available for immediate sale as required by paragraph 12. In addition, paragraph 13 also requires an asset to be marketed at a price that is reasonable in relation to its current fair value. Therefore, the conditions in paragraph AG1(c) for an exception to the one-year requirement in paragraph 13 would not be met. The asset would be reclassified as held and used in accordance with paragraph 34.

Determining whether an asset has been abandoned (paragraph 20 and 21)

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

Example 8

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

Presenting a discontinued operation that has been abandoned (paragraph 20)

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

Example 9

In October 20X5 a government entity decides to abandon all its ammunition manufacturing facilities, which constitutes a major operation. All work stops at the ammunition manufacturing facilities during the year ended 31 December 20X6. In the financial statements for the year ended 31 December 20X5, results and cash flows of the ammunition manufacturing facilities are treated as continuing operations. In the financial statements for the year ended 31 December 20X6, the results and cash flows of the ammunition manufacturing facilities are treated as discontinued operations and the government entity makes the disclosures required by paragraphs 42 and 43 of this Standard.

Allocation of an impairment loss on a disposal group (paragraph 31)

Paragraph 31 of this Standard requires an impairment loss (or any subsequent gain) recognized for a disposal group to reduce (or increase) the carrying amount of the non-current assets in the group that are within the scope of the measurement requirements of this Standard, in the order of allocation set out in paragraphs 91 and 110 of IPSAS 26. Example 10 illustrates the allocation of an impairment loss on a disposal group.

Example 10

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

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

(a) In this guidance, monetary amounts are denominated in ‘currency units (CU)’.

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

The government entity measures the fair value less costs to sell of the disposal group as CU13,000. Because a government entity measures a disposal group classified as held for sale at the lower of its carrying amount and fair value less costs to sell, the government entity recognizes an impairment loss of CU1,900 (CU14,900 – CU13,000) when the group is initially classified as held for sale.

The impairment loss is allocated to non-current assets to which the measurement requirements of this Standard are applicable. Therefore, no impairment loss is allocated to inventories and investments in equity instruments. The loss is allocated to the other assets in the order of allocation set out in paragraphs 91 and 110 of IPSAS 26.

The allocation can be illustrated as follows:

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

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

Presenting discontinued operations in the statement of financial performance (paragraph 42)

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

Example 11

XYZ GOVERNMENT ENTITY – STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 20X2 (illustrating the classification of expenses by function)

(in thousands of currency units)	**20X2**	**20X1**
Continuing operations		
Revenue		
Taxes	X	X
Fees, fines, penalties, and licences	X	X
Revenue from exchange transactions	X	X
Transfers from other government entities	X	X
Other revenue	X	X
Total Revenue	X	X
Expenses		
General public services	(X)	(X)
Defense	(X)	(X)
Public order and safety	(X)	(X)
Education	(X)	(X)
Health	(X)	(X)
Social benefits	(X)	(X)
Other social protection	(X)	(X)
Housing and community amenities	(X)	(X)
Recreational, cultural, and religion	(X)	(X)
Economic affairs	(X)	(X)
Environmental protection	(X)	(X)
Other expenses	(X)	(X)
Finance costs	(X)	(X)
Total expenses	**(X)**	**(X)**

Share of surplus of associates*	X	X
-		
Surplus/(deficit) for the period from continuing operations	X	X
Discontinued operations		
Surplus for the period from discontinued operations[(a)]	X	X
Surplus for the period	X	X
Attributable to:		
Owners of the controlling entity		
Surplus for the period from continuing operations	X	X
Surplus for the period from discontinued operations	X	X
Surplus for the period attributable to owners of the controlling entity	X	X
Non-controlling interests		
Surplus for the period from continuing operations	X	X
Surplus for the period from discontinued operations	X	X
Surplus for the period attributable to non-controlling interests	X	X
	X	X

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

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

Presenting non-current assets or disposal groups classified as held for sale (paragraph 48)

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

Example 12

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

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

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

(a) An amount of CU400 relating to these assets has been recognized in the statement of changes in net assets/equity and accumulated in net assets/equity.

	20X5	**20X4**
ASSETS		
Non-current assets		
AAA	X	X
BBB	X	X
CCC	X	X
	X	X
Current assets		
DDD	X	X
EEE	X	X
	X	X
Non-current assets classified as held for sale	8,000	–
	X	X

	20X5	**20X4**
Total assets	X	X
NET ASSETS/EQUITY AND LIABILITIES		
Net Assets/Equity attributable to owners of the controlling entity		
FFF	X	X
GGG	X	X
Amounts recognized in statement of changes in net assets/equity and accumulated in net assets/equity relating to non-current assets held for sale	400	–
	X	X
Non-controlling interests	X	X
Total net assets/equity	X	X
Non-current liabilities		
HHH	X	X
III	X	X
JJJ	X	X
	X	X
Current liabilities		
KKK	X	X
LLL	X	X
MMM	X	X
Liabilities directly associated with non-current assets classified as held for sale	3,300	–
	X	X
Total liabilities	X	X
Total net assets/equity and liabilities	X	X

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

Measuring and presenting controlled entities acquired with a view to resale and classified as held for sale (paragraph 17)

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

Example 13

Government entity A acquires an entity H, which is a controlling entity with two controlled entities, CE1 and CE2. CE2 is acquired exclusively with a view to sale and meets the criteria to be classified as held for sale. In accordance with paragraph 41(c), CE2 is also a discontinued operation.

The fair value less costs to sell of CE2 is CU135. Government entity A accounts for CE2 as follows:

- Initially, government entity A measures the identifiable liabilities of CE2 at fair value, say at CU40
- Initially, government entity A measures the acquired assets as the fair value less costs to sell of CE2 (CU135) plus the fair value of the identifiable liabilities (CU40), i.e., at CU175
- At the end of the reporting period, government entity A remeasures the disposal group at the lower of its cost and fair value less costs to sell, say at CU130. The liabilities are remeasured in accordance with applicable IPSAS, say at CU35. The total assets are measured at CU130 + CU35, i.e., at CU165
- At the end of the reporting period, government entity A presents the assets and liabilities separately from other assets and liabilities in its consolidated financial statements as illustrated in Example 12 *Presenting non-current assets or disposal groups classified as held for sale*, and
- In the statement of financial performance, government entity A presents the total of the post-tax surplus or deficit of CE2 and the post-tax gain or loss recognized on the subsequent remeasurement of CE2, which equals the remeasurement of the disposal group from CU135 to CU130.

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

Comparison with IFRS 5

IPSAS 44, *Non-current Assets Held for Sale and Discontinued Operations* is drawn primarily from IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations* (issued in 2004, including amendments made up to May 2017).

The main difference between IPSAS 44 and IFRS 5 are as follows:

- IPSAS 44 requires disclosure in the notes of the fair value of a non-current asset (or disposal group) classified as held for sale if fair value is materially different to the carrying amount;
- IPSAS 44 replaces the IFRS 5 definition of a cash-generating unit with the definition of a cash-generating unit defined in IPSAS 26, *Impairment of Cash-Generating Assets*;
- IPSAS 44, acknowledges that public sector combinations differ from business combinations and can be either an acquisition or an amalgamation. Therefore, IPSAS 44 requires assets acquired in a public sector amalgamation that are to immediately be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell; and
- IPSAS 44 uses different terminology in certain instances from IFRS 5. The most significant examples are the use of the terms “operation”, “public sector combination”, “revenue”, “owner”, “controlling entity” and “controlled entity”. The equivalent terms in IFRS 5 are “business”, “business combination”, “income”, “shareholder”, “parent” and “subsidiary”.

Comparison with GFS

In developing IPSAS 44, *Non-current Assets Held for Sale and Discontinued Operations*, the IPSASB considered Government Finance Statistics (GFS) reporting guidelines.

Key similarities and differences with GFS are as follows:

- GFS uses market value as the general valuation approach for all assets. Under IPSAS 44, a non-current asset (or disposal group) classified as held for sale is measured at the lower of its carrying amount and fair value less costs to sell. Market value can be used as a technique for estimating fair value under IPSAS.
- Under IPSAS 44, a non-current asset (or disposal group) is classified as held for sale when it is available for immediate sale in its present condition, and its sale is highly probable, subject only to terms that are usual for sales of such assets (or disposal groups). GFS does not have this type of classification.
- IPSAS 44 includes disclosure requirements that are not present in GFS.

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