IFRS - 5

Non-Current Assets Held for Sale and Discontinued Operations

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Objective

1. The purpose of this is to specify the IFRS accounting treatment of assets held for sale, as well as disclosure and presentation on discontinued operations. In particular, the IFRS requires:

   (a) assets that meet the requirements for classification as held for sale, are valued at the lowest value between its carrying amount and fair value less selling costs as well as stop the depreciation of such assets;

   (b) assets that meet the requirements for classification as held for sale, submitted separately in the balance sheet, and that the results of discontinued operations are presented separately in the income statement.

Scope

2. The requirements for classification and presentation of the IFRS will apply to all assets not corrientes1 recognized, and all groups' alienation of elements of the entity. The requirements for assessing the IFRS will apply to all non-current assets and recognized groups disposition of elements (as set out in paragraph 4), except those assets listed in paragraph 5, which will continue being valued in accordance with the Standard that is indicates the same.

3. The classified as non-current assets in accordance with IAS 1 Presentation of Financial Statements (revised 2003) were not reclassified as current assets until they fulfill the requirements for classification as held for sale in accordance with the IFRS. The assets of a class that the entity usually regarded as non-current and have been acquired solely for the purpose of resale are not classified as ordinary unless they meet the criteria for classification as held for sale in accordance with the IFRS.

4. At times, or an entity alienates available by another source, a group of assets, possibly with some directly associated liabilities, taken together, in one transaction. That group alienable elements could be a group of generating unit's cash, a cash-generating unit or part of ella2. The group could include any assets or liabilities of the entity, including current assets, current liabilities and assets excluded, according to paragraph 5 of the requirements for assessing the IFRS. If an asset not flow within the scope of the requirements for assessing the IFRS is part of a group of alienable elements, the requirements for assessing the IFRS will apply to the group as a whole, so that the group will be measured by the lower value between its carrying amount and fair value less selling costs. The requirements of valuation of assets and liabilities individual within the group alienable elements set out in paragraphs 23 and 18.19.

5. The endpoints of this NIIF3 do not apply to the following assets, which are covered by the rules outlined in each case, whether individual asset or forming part of a group of alienable elements.

   (a) deferred tax assets (IAS 12 Income Taxes).

   (b) Claims arising from salaries to employees (IAS 19 employees).

   (c) Financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement.

   (d) Non-current assets recorded in accordance with the model of fair value of IAS 40 Investments in real estate.

   (e) Non-current assets valued at fair value less the estimated costs at point of sale, in accordance with IAS 41 Agriculture.

   (f) contract law from insurance contracts, as defined in IFRS 4 Insurance Contracts.

Classification of non-current assets (or groups disposition of elements) held for sale

6. **An entity to classify an asset not aware (or group of alienable elements) as held for sale if its carrying amount will be recovered primarily through a sales transaction, rather than by its continued use.**

7. To implement the previous classification, assets (or group of alienable elements) should be available in their current conditions, for immediate sale, subject only to usual and customary terms for the sale of these assets (or groups disposition of elements), And its sale must be highly probable.

8. If the sale is highly probable, address, must be compromised by a plan to sell the asset (or group of alienable elements), and should have started an active program to find a buyer and complete the plan. In addition, the sale of assets (or group of alienable elements) must actively negotiate at a reasonable price, in relation to its current fair value. It must also expected that the sale could be qualified for full recognition within one year after the date of classification, with the exceptions permitted under paragraph 9, and further actions required to complete the plan should indicate that significant changes are unlikely in plan or it will be withdrawn.

9. There are facts and circumstances that could lengthen the period to complete the sale beyond one year. An extension of the period required to complete a sale does not preclude the asset (or group of alienable elements) is classified as held for sale, if the

delay is caused by facts or circumstances beyond the control of the entity, and there is sufficient evidence of that the entity remains committed to its plan to sell the asset (or group of alienable elements). This would be the case that the requirements contained in Appendix B.

10. The sales transactions include swaps of non-current assets by other non-current assets, if they have a commercial character, in accordance with IAS 16 Property, plant and equipment.

11. When an entity acquires an asset not aware (or group of alienable elements) solely for the purpose of his subsequent disposition, not classify the asset flow (or group of alienable elements) as held for sale, the date of acquisition, only subject to the condition of one year of paragraph 8 (with the exceptions permitted in paragraph 9) and is highly unlikely that any other requirement of those contained in paragraphs 7 and 8, are not met this deadline will be completed within a short period after the acquisition (usually within three months).

12. If the criteria in paragraphs 7 and 8 after the balance sheet date, the non-classified non-current assets (or group of alienable elements) as held for sale in the financial statements to make on that date. However, when those criteria are met after the balance sheet date but before the authorization for the disclosure of financial statements, the entity disclosed in the notes the information specified in paragraphs (a) (b) and (d) paragraph 41.

Non-current assets to be abandoned

13. An entity not classified as held for sale Non-current assets (or group of alienable elements) to be abandoned. This is because its carrying amount will be recovered principally through its continued use. However, if the group of elements that will be abandoned fulfilled the requirements of paragraphs (a) (b) and (c) of paragraph 32, the entity will present the results and cash flows from the cluster as an activity interrupted in accordance with paragraphs 33 and 34, on the date it ceases to be used. The non-current assets (or groups disposition of elements) to be abandoned include both non-current assets (and groups disposition of elements) to be used until the end of their economic life, as non-current assets (or groups disposition of elements) To be closed permanently, instead of being sold.

14. The institution is not counted an asset not flow, which will be temporarily out of use, as if it had been abandoned.

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

Poll not aware of any asset (or group of alienable elements)

15. **The entity will assess the non-current assets (or disposal of elements groups) classified as held for sale, at the lowest value between its carrying amount and fair value less selling costs.**

16. If an asset (or group of alienable elements) recently acquired meets the requirements for classification as held for sale (see paragraph 11), the implementation of paragraph 15 to lead the asset (or group of alienable elements) are valued, at the time of its initial recognition, at the lowest value between its carrying amount if there had been graded as well (for example, the cost) and its fair value less selling costs. Accordingly, if the asset (or group of alienable elements) was acquired as part of a business combination, will be valued at fair value less selling costs.

17. When the sale is expected to occur beyond the period of one year, the entity will assess the costs by selling its current value. Any increase in the current value of those sales costs, which arises in the course of time, will be presented in the income statement as a financial cost.

18. Immediately before the initial classification of assets (or group of alienable elements) as held for sale, the amount of the asset (or all assets and liabilities of the group) will be assessed according to IFRS apply to them.

19. In subsequent valuation of a group of alienable elements, the carrying amount of any assets and liabilities that are not within the scope of the requirements set out in the IFRS valuation, but they are included in a group alienable items classified as held for sale, will be determined later according to IFRS applicable, before applying again to the group alienable rule of fair value less selling costs.

Recognition and reversal of losses for the Impairment

20. The entity will recognize an impairment loss of value due to reductions initial or subsequent asset value (or group of alienable elements) to fair value less selling costs, provided they have not been recognized in accordance with paragraph 19.

21. The entity will recognize a gain for any subsequent increase in the valuation of derivative fair value less the costs of selling an asset, but not over the impairment loss of accumulated value that would have been recognized, either in accordance with the IFRS

or advance, in accordance with IAS 36 Impairment of Assets.

22. The entity will recognize a gain for any subsequent increase in fair value less the costs of selling a group of alienable elements:
(a) to the extent that it has not been recognized in accordance with paragraph 19, but
(b) not over the impairment loss of accumulated value that would have been recognized, either in accordance with the IFRS or advance, in accordance with IAS 36, in non-current assets that are within range of requirements valuation established in the IFRS.

23. The impairment loss of value (or any subsequent gain) recognized in a group alienable elements, reduce (or increase) the carrying amount of non-current assets of the group, within the scope of the requirements of this valuation IFRS, in the order of distribution set out in paragraphs (a) and (b) of paragraph 104 and paragraph 122 of IAS 36 (revised 2004).

24. The gain or loss previously unrecognized at the time of the sale of an asset not aware (or group of alienable elements), will be recognized on the date on which give off accounts. The requirements that relate to the low accounts are established:

(a) paragraphs 67 to 72 of IAS 16 (revised 2003) for the property, plant and equipment, and

(b) paragraphs 112 to 117 of IAS 38 Intangible Assets (revised 2004) for such assets.

25. The institution is not paid for the asset flow while not classified as held for sale, or as part of a group of alienable elements classified as held for sale. However, both continue to recognize the interests and other expenses attributable to the liabilities of alienable a group of elements that have been classified as held for sale.

Changes in a plan of sale

26. If an entity has classified an asset (or group of alienable elements) as held for sale, but no longer meets the criteria of paragraphs 7 to 9, will no longer classify assets or groups such as alienation of elements.

27. The entity valued assets that do not flow ceases to be classified as held for sale (or ceases to be part of a group of alienable elements classified as held for sale) at the lowest of:

(a) carrying amount before the asset (or group of alienable elements) were classified as held for sale, adjusted for any depreciation, amortization and revaluation which would have been recognized if the asset (or group of alienable elements) has been classified as held for sale, and

(b) the amount recoverable on the date of the subsequent decision not venderlo.4

28. The entity include any adjustments required to carrying amount of an asset not flow, which is no longer classified as held for sale within the resultados5 of farms that continue, in the year that no longer met the criteria of paragraphs 7 to 9. The entity will present this adjustment in the same line of the income used to present the gain or loss recognized in accordance with paragraph 37.

29. If an entity withdraws a particular asset or a liability individual, a group of alienable elements classified as held for sale, any remaining assets and liabilities of the group will continue to value as a group only if it satisfies the requirements set out in paragraphs 7 to 9. In another case, the remaining non-current assets of the group that individually meet the criteria for be classified as held for sale, will be measured individually by the lower value between its carrying amount and fair value less selling costs on that date. Any non-current assets that do not meet the above criteria will no longer be classified as held for sale, in accordance with paragraph 26.

Disclosure and Presentation

30. **An entity shall disclose information and to enable users of financial statements to assess the financial effects of discontinued operations and the sale or other disposition by way of non-current assets (or groups disposition of elements).**

Presentation of discontinued operations

31. A component of an entity covering activities and cash flows that can be clearly distinguished from the rest of the entity, both from an operational point of view as to financial reporting purposes. In other words, a component of an entity will have lodged a cash-generating unit or group of generating units while cash has been in use.

32. A interrupted activity is a component of an entity that has been alienated or has provided him by another source, or that has been classified as held for sale, and

(a) represents a line of business or geography, which is significant and can be considered separate from the rest;

(b) is part of an individual plan and coordinated to dispose or arrange for another way of a line of business or a geographical area of operation that is significant and can be regarded as separate from the rest, or

(c) is an entity solely dependent acquired in order to resell it.

33. The entity shall disclose:

(a) the income statement, an amount that includes only the total:

(i) after tax result of discontinued operations;

(ii) the result after tax recognized by the valuation at fair value less selling costs, either by sale or other disposition by way of assets or groups disposition of elements that constitute the activity interrupted.

(b) An analysis of the amount collected in paragraph (a) above, detailing:

(i) ordinary income, expenditure and the result before tax from discontinued operations;

(ii) spending by gains tax on the previous result, as required by paragraph (h) of paragraph 81de IAS 12;

(iii) the result has been recognized by the valuation at fair value less selling costs, either by sale or other disposition by way of assets or groups disposition of elements that constitute the activity interrupted and

(iv) spending by gains tax on the previous result, as required by paragraph (h) of paragraph 81 of IAS 12;

This analysis could be presented in footnotes or in the income statement. Should such in the income statement will be carried out in a section identified as relating to the discontinued operations, that is, separately from the activities continue. This analysis is not required for groups disposition of elements, which are subsidiaries acquired and recently they meet the criteria for classification as held for sale at the time of acquisition (see paragraph 11).

(c) The net cash flows attributable to ordinary activities, investment and financing activities interrupted. This information could be presented in footnotes or in the body of the financial statements. These reports are not required for groups disposition of elements that are recently acquired subsidiaries and meet the criteria for classification as held for sale at the time of acquisition (see paragraph 11).

34. An entity shall disclose information to paragraph 33 for all prior periods to report on the financial statements, so that information for these exercises relates to all activities which

are interrupted in the balance sheet date of the last Exercise presented.

35. Adjustments are made in the current financial year to the amounts previously presented which relate to the discontinued operations, and which are directly related to the sale or other disposition by the same route of a previous one, are classified separately within of the information on these discontinued operations. It will reveal the nature and amount of such adjustments. Examples of circumstances that might arise in these settings are:

(a) The resolution of uncertainties arising from the conditions of a sale, such as resolution of the purchase price adjustments and allowances agreed with the buyer.

(b) The resolution of uncertainties arising from and are directly related to the exploitation of the component before its sale or disposal by other means, such as environmental obligations and guarantee that have been retained by the seller.

(c) The cancellation of obligations under a benefit plan for employees, provided that the cancellation is directly related to the transaction of sale or disposal by other means.

36. If an entity ceases to classify as a component held for sale, the operating results related to the component that have been previously presented as originating from discontinued operations in accordance with paragraphs 33 to 35, are reclassified and included in results activities continue, for all those years on this information. Will be mentioned explicitly that figures relating to previous years have been the subject of a new presentation.

Results relating to activities continue

37. Any result arising from re-valuing an asset not aware (or group of alienable elements) classified as held for sale, that does not meet the definition of activity interrupted, will be included in the result of the activities to continue.

Presentation of an asset not flow or group of alienable elements classified as held for sale

38. The entity appear on the balance sheet, separately from the rest of the assets, both non-current assets classified as held for sale as the assets of a group of alienable elements classified as held for sale. The liabilities that are part of a group of alienable elements classified as held for sale, will also be presented in the balance separately from the other liabilities. These assets and liabilities not be reversed, nor will be submitted as a single amount. It will reveal information, separately from the main classes of assets and liabilities classified as held for sale, either on the balance sheet or in the notes, except the exception permitted in paragraph 39. The entity presented in a separate accumulated amounts of revenue and expenditures that have been recognized directly

in equity and relate to non-current assets (or disposal of elements groups) classified as held for sale.

39. If the group of elements is an entity dependent learned recently that meets the criteria for classification as held for sale at the time of acquisition (see paragraph 11), is not required to disclose information on major asset classes and liabilities.

40. The institution is not reclassified, or introduces new figures and submitted non-current assets, or assets and liabilities of groups disposition of elements, which have been classified as held for sale on the balance sheet in prior periods to reflect the same classification is given to those on the balance sheet of last year presented.

Additional reports reveal

41. An entity disclosed in the notes the following information concerning the exercise in which non-current assets (or group of alienable elements) has been classified as held for sale or sold:

(a) a description of non-current assets (or group of alienable elements);

(b) a description of the facts and circumstances of the sale, or the one which led to decide the disposition or disposal by another expected route, as well as forms and deadlines for the expected sale or disposal by other means;

(c) the result recognized in accordance with paragraphs 20 to 22 and, if not presented separately in the income statement, the departure of the account which includes such an outcome;

(d) if applicable, the segment on which he is required to report within which presents the non-current assets (or group of alienable elements), according to IFRS 8 Operating Segments.

42. If it had been implemented paragraph 26 or 29, the entity shall disclose, in the year it decides to change the plan of selling non-current assets (or group of alienable elements), a description of the facts and circumstances which have led to take such a decision, as well as the effect on the outcome of holdings, both for this exercise as for any previous year on which information is presented.

Transitional Provisions

43. IFRS will be applied prospectively to non-current assets (or groups disposition of elements) that meet the criteria for classification as held for sale, as well as for activities that meet the criteria for classification as discontinued after the entry into force of IFRS. The entity can implement the requirements of the IFRS to all non-current assets (or groups disposition of elements) that meet the criteria for classification as held for sale, as well as for activities that meet the criteria for classification as discontinued, at any time prior to the entry into force of IFRS, provided that valuations and other information needed to implement IFRS, is obtained on the date on which the abovementioned criteria are met.

Effective Date

44. The entity shall apply the IFRS for annual periods beginning on or after January 1, 2005. Earlier application is encouraged. If an entity applies IFRS for an exercise that starts before January 1, 2005, disclose that fact.

Repeal of IAS 35

45. This replaces 45 IFRS IAS 35 holdings in short interruption.

Appendix A

Terms defined

This appendix is an integral part of IFRS.

Cash-Generating Unit

The identifiable group of smaller assets, which generates cash inflows that are, largely independent of cash flows arising from other assets or groups of assets.

Component of the Entity

Activists and cash flows that can be clearly distinguished from the rest of the entity, both from a standpoint of holding as a financial reporting purpose.

Sales Costs

The incremental costs directly attributable to the sale or other disposition by way of an asset (or group of alienable elements), excluding interest charges and taxes on earnings.

Current Assets

An asset that meets any of the following criteria:

(a) expects, or intends to sell or consume in the course of the normal cycle of exploitation of the entity;

(b) is maintained primarily for trading purposes;

(c) is expected to perform within the period of twelve months after the balance sheet date, or

(d) is cash or equivalent to cash, unless their use is restricted and cannot be exchanged or used to cancel a liability for a minimum period of twelve months after the balance sheet date.

Interrupted Activity

A component of the entity has been disposed of or has prepared him by another source, or has been classified as held for sale, and

(a) represents one line of business or geography that is significant and can be considered separately from the rest;

(b) is part of a single coordinated plan to sell or otherwise dispose by way of a business line or a geographical area of operation that is significant and can be regarded as separate from the rest, or

(c) is an entity solely dependent acquired in order to resell it.

Group of Alienable Elements

A group of assets to be available, either by sale or disposal by other means, together as a group in a single transaction, together with liabilities directly associated with such assets to be transferred in the transaction. The group includes goodwill acquired in a business combination, if the group is a cash-generating unit to which it has attributed the goodwill in accordance with the requirements of paragraphs 80 to 87 of IAS 36 Impairment of asset value (revised 2004) or whether this is an activity within that cash-generating unit.

Fair Value

The amount by which an asset could be exchanged, canceled or a liability, among stakeholders and duly informed in a transaction conducted in arm's length.

Firm Commitment to Purchase

An agreement with a third party unrelated, which commits both parties and usually legally enforceable, that (a) specifies all significant conditions, including the price and the term of transactions, and (b) includes a penalty for the breach sufficiently significant to the fulfillment of the agreement is highly likely.

Highly Probable

With a significantly higher probability of occurrence that they do not happen.

Non-Current Assets

An asset that does not meet the definition of current assets.

Likely

With more likely to happen than not happen.

Recoverable Amount

The largest among the fair value less the costs of selling an asset and its value in use.

Use Value

The present value of estimated future cash flows are expected arising from the continued use of an asset and its sale or disposal by other means at the end of its useful life.

Appendix B

Application Guidance

This appendix is an integral part of IFRS.

Extension of the period needed to complete the sale

B1 As stated in paragraph 9, an extension of the period required to complete a sale does not preclude an asset (or group of alienable elements) is classified as held for sale, if the delay is caused by facts or circumstances beyond the control of the entity and there is sufficient evidence that the entity remains committed to its plan of sale of assets (or group of alienable elements). Accordingly, it is exempt entity to implement the requirement for one year, set out in paragraph 8, in the following situations in which they reveal these facts or circumstances:

(a) the date on which the institution agrees with a plan to sell an asset not aware (or group of alienable elements), there is a reasonable expectation that other third parties (other than the buyer) impose conditions on the transfer of assets (alienable or group of elements) that will extend the period necessary to complete the sale, and also:

> (i) the actions needed to respond to those conditions cannot be initiated until after it has obtained a firm commitment to purchase, and
>
> (ii) is highly likely a firm commitment to purchase within one year.

(b) The entity obtain a firm commitment to purchase, and as a result, the buyer or other third parties have imposed on an unexpected conditions on the transfer of non-current assets (or group of alienable elements) previously classified as held for sale, extend the period required to complete the sale, and also:

> (i) have been taken timely actions necessary to meet the conditions imposed, and
>
> (ii) expects a favorable resolution of the factors that cause the delay.

(c) During the initial period of one year, circumstances arise that previously were considered unlikely, and as a result, non-current assets (or group of alienable elements) previously classified as held for sale has not been sold at the end of that period And also:

> (i) during the initial period of one year, the organization undertook the necessary actions to respond to changing circumstances,
>
> (ii) Non-current assets (or groups disposition of elements) are being actively marketed at a reasonable price, given the changed circumstances, and
>
> (iii) meet the criteria set out in paragraphs 7 and 8.