

IFRS 5. Overview

- **Issued:** in 2004; followed by amendments
- **Effective date:** 1 January 2005
- **What it does:**

- It specifies:
 - *the accounting for assets or disposal groups held for sale* those whose carrying amount will be recovered principally through a sale transaction rather than continuing use; and
 - the presentation and disclosure of *discontinued operation* component of an entity - subsidiary, line of business, geographical area of operations, etc. - that either has been disposed of or is classified as held for sale.
- In relation to *assets or disposal groups held for sale*:
 - IFRS 5 establishes conditions when the entity shall classify a non-current asset or a disposal group as held for sale.
 - It sets out the rules for measurement of assets or disposal groups held for sale, recognition of impairment losses and their reversals, and rules for the situation when an entity makes changes to a plan of sale and asset or disposal group can no longer be classified as held for sale.
- In relation to presenting *discontinued operations*:
 - IFRS 5 explains the term “discontinued operation”;
 - It prescribes what shall be reported in the statement of comprehensive income and statement of cash flows with regard to it;
 - Additional disclosures in the notes to the financial statements are also required.

REFERENCE:

Silvia of CPDbox.

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

RETRIEVED FROM:

<https://www.cpdbox.com/ifrs/ifrs-5/>