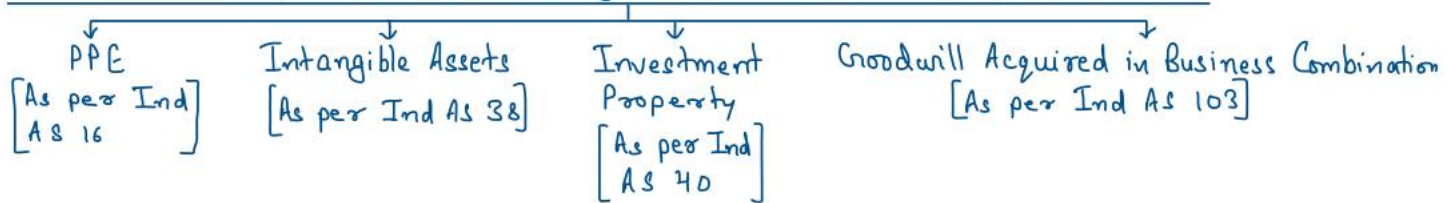
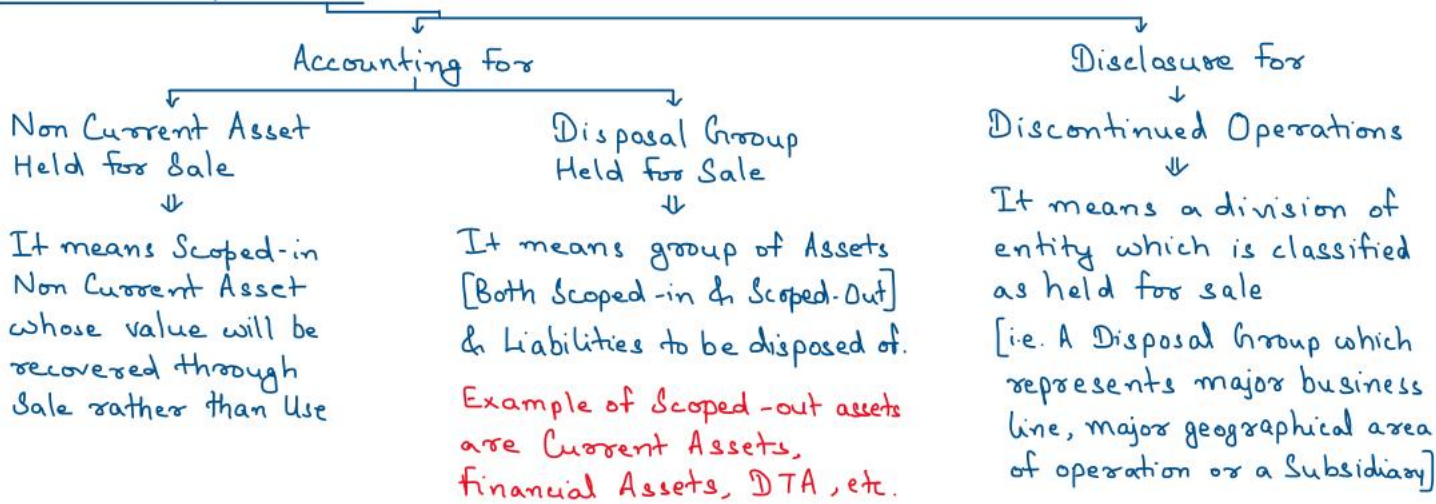


Introduction to Ind AS 105

(1) This Ind AS is applicable to following Non Current Assets [Scoped in Assets] :-



(2) This Ind AS prescribes :-



Classification of Non Current Assets [or Disposal Groups] as Held for Sale

Non Current Asset [or Disposal Group] is classified as held for sale only if

It is available for immediate sale in its present condition

and

Sale is Highly Probable

[i.e. Sale is expected within 1 Year from date of Classification]

Note:

If Regulatory Approval is pending for sale of an asset, then that asset is still considered as available for immediate sale

Measurement of Non Current Assets [or Disposal Groups] as Held for Sale

(1) Initial Measurement on date of classification as held for sale :-

At Lower of $\left\{ \begin{array}{l} \text{Carrying Amount} \\ \text{Fair Value Less Cost to Sell [FVLCTS]} \end{array} \right.$

If FVLCTS is lower, then difference amount is recognised as Impairment Loss as per Ind AS 105.

Example 1 :

A Ltd. has classified a PPE as held for sale on 31.3.20X1. On this date, Carrying Amount of PPE is ₹ 1,00,000 and its FVLCTS is ₹ 80,000.

So, it will be measured at ₹ 80,000 [Lower of Carrying Amount & FVLCTS] on date of classification as held for sale.

Hence, there is Impairment Loss as per Ind AS 105 of ₹ 20,000 [1,00,000 - 80,000]

Note :-

(i) Depreciation or Amortisation shall be immediately stopped on such assets from the date of classification as held for sale.

(ii) Disposal Group is measured at Lower of $\left\{ \begin{array}{l} \text{Carrying Amount of Disposal Group} \\ \text{FVLCTS of Disposal Group} \end{array} \right.$

↓
Any Impairment Loss on Disposal Group as per Ind AS 105 will be borne by Scoped-in Non Current Assets only as follows:

→ Firstly, By Goodwill [Upto Carrying Amount of Goodwill]

→ Then, Remaining Impairment Loss of Disposal Group will be borne by all other scoped-in non current assets in Disposal Group in ratio of their Carrying Amounts.

(iii) If Non Current Asset held for sale is acquired in Business Combination, then it is measured at FVLCTS.

(2) Subsequent Measurement at each Balance Sheet date :-

At Lower of $\left\{ \begin{array}{l} \text{Carrying Amount} \\ \text{Fair Value Less Cost to Sell [FVLCTS]} \end{array} \right.$

↓
If FVLCTS is lower, then difference amount is recognised as Impairment Loss as per Ind AS 105.

↓
If FVLCTS is higher, then difference amount is recognised as Reversal of Impairment Loss

[Maximum Reversal of Impairment Loss can be upto the Amount of Total Impairment Loss recognised earlier as per Ind AS 36 & 105]

Note: In Case of Disposal Group, Reversal of Impairment Loss of Disposal Group will be done in All Scoped-in Non Current Assets in Disposal Group (excluding Goodwill) in ratio of their Carrying Amounts.

Example 2 :

In Continuation to Example 1; On 31.3.20X2, FVLCTS of PPE becomes ₹ 75,000.

So, On 31.3.20X2, it will be measured at ₹ 75,000 [Lower of ₹ 80,000 & ₹ 75,000]

Hence, there is Impairment Loss as per Ind AS 105 of ₹ 5,000 [80,000 - 75,000]

Example 3 :

In Continuation to Example 1 ; On 31.3.20x2 , FVLCTS of PPE becomes ₹ 1,10,000. Suppose an Impairment Loss as per Ind AS 36 of ₹ 3,000 is also recognised earlier on this PPE.

Since, On 31.3.20x2, FVLCTS [1,10,000] is higher than Carrying Amount [80,000]. There is Reversal of Impairment Loss of ₹ 30,000 [1,10,000 - 80,000].

Maximum Reversal of Impairment Loss

⇒ IL recognised as per Ind AS 36 + IL recognised as per Ind AS 105

⇒ 3,000 + 20,000 ⇒ ₹ 23,000

Hence Impairment Loss of ₹ 23,000 will be reversed.

New Carrying Amount of PPE = 80,000 + 23,000 ⇒ ₹ 1,03,000

Changes to a Plan of Sale

- If Non Current Asset [or Disposal Group] classified as held for sale no longer meet the criteria, then Entity should cease to classify Non Current Asset [or Disposal Group] as held for sale.
- On this date, it should be measured at the Carrying Amount on date of change of plan if the asset were never classified as held for sale. [i.e. Carrying Amount of Asset just before classification as held for sale adjusted for Depreciation or Amortisation till date]

↓
Any difference amount will be recognised as Gain or Loss in P&L

Presentation & Disclosure of Non Current Assets [or Disposal Groups] classified as held for sale and Discontinued Operations

(1) For Non Current Assets Held for Sale :-

Present such asset as a Separate Line Item in Balance Sheet.

(2) For Disposal Group :-

- Present Assets of Disposal Group separately from Other Assets in Balance Sheet.
- Present Liabilities of Disposal Group separately from Other Liabilities in Balance Sheet.
- Assets & Liabilities of Disposal Group should not be offset in Balance Sheet.

(3) For Discontinued Operations :-

- Present Assets of Discontinued Operation separately from Other Assets in Balance Sheet.
- Present Liabilities of Discontinued Operation separately from Other Liabilities in Balance Sheet.
- Assets & Liabilities of Discontinued Operation should not be offset in Balance Sheet.

- Post Tax Profit / Loss of Discontinued Operation should be disclosed separately as a Single Amount from Profit / Loss of Continuing Operation in P&L.
- EPS will be disclosed separately for Discontinued Operation.