IND AS 105 - NON CURRENT ASSETS HELD FOR Sale & DISCONTINUED OPERATIONS

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When to Classify an Asset as Held for Sale

When Carrying Amt. is Expected to Recovered through Sale Rather than through Continuing Use.

- Asset Must be Available for Immediate Sale in its Present Condition
- Sale Must be Highly Probable
  - When Sale is Highly Probable ?
    - Management is Committed to Plan to Sell the Asset
    - Active Program to Find a Buyer have been Initiated
    - There is Active Market for Asset where it is Reasonably Sold at its Current FV
    - Sale is Expected to complete in 1 Year
    - Significant Changes or Withdrawal from plan are unlikely

How to A/c for Such Asset

- At Lower of
  (a) Carrying Amt or
  (b) FV less Cost to Sell
  - Difference Charge to P&L a/c
- Depreciation & Amortisation Shall be stopped Immediately

DISPOSAL GROUP

It is a Group of Assets & Liabilities to be disposed of Together as a group in a Single Transaction

- Measured at Lower of CA & FV less cost to Sell
  - Difference is Impairment Loss
    - First w/off Goodwill if any
    - Then to other Assets on Pro-Rate basis
      - While allocating the Impairment Loss on other Assets, Ignore Following Assets :-
        (a) Inventories (Ind AS - 2)
        (b) Financial Instruments (Ind AS - 109)
        Since the above Assets Should be Measured as per their own specific standards.
      - Subsequently when FV increares - it is Gain & Recognised to P&L without increasing Goodwill, adjust other assets only

Change in "Plan to Sell the Asset"

Remeasure the Asset at Lower of
a) Org. CA had there been no Classification as Held for Sale after Depreciation
&
b) Recoverable Amt at the time of Change

- Difference is transfer to P&L a/c

DISCONTINUED OPERATIONS

Present Separately from Continuing Operations in the Financial Statements with Separate -

(a) Post Tax Profit
(b) EPS