



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

This summary provides an overview of [IPSAS 44, Non-current Assets Held for Sale and Discontinued Operations](#).

Project Objective:

To develop an IPSAS aligned with IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations* which will specify the:

- Accounting for assets held for sale; and
- Presentation and disclosure of discontinued operations.

Approved:

The International Public Sector Accounting Standards Board® (IPSASB®) approved [IPSAS 44, Non-current Assets Held for Sale and Discontinued Operations](#) in March 2022. It was issued in May 2022.

Project History:

The IPSASB initiated this project in March 2020.

In April 2021, the IPSASB issued [Exposure Draft \(ED\) 79, Non-current Assets Held for Sale and Discontinued Operations](#). ED 79 was aligned with the requirements of IFRS 5 but proposed an additional public sector disclosure of the fair value of assets held for sale that are measured at their carrying amounts, when the carrying amount is materially lower than fair value.

IPSAS 44 is based on ED 79, which received strong support from constituents, including support for the additional public sector disclosure.

Project Overview

The purpose of Non-current Assets Held for Sale and Discontinued Operations is to provide the accounting for assets held for sale and the presentation and disclosure requirements of discontinued operations.

Why the IPSASB Undertook this Project

Public sector entities may plan for the disposal of non-current assets that are no longer needed. Such entities can consider different options on how to dispose of these assets, including selling them on a commercial basis to generate resources. Constituents noted that this lack of guidance on such disposals was a gap in the literature that should be addressed.

IPSAS 44 fills the gap by providing guidance on how to account for non-current assets when they are made available for sale on commercial terms.

Benefits of IPSAS 44

The enhancements introduced by IPSAS 44 have the following benefits related to non-current assets held for sale and discontinued operations:

- (a) Increased transparency related to the sale of public sector assets;
- (b) Enhanced consistency and comparability between public sector entities related to the sale of public sector assets; and
- (c) Enhanced disclosures related to discontinued operations and disposals of non-current assets.



Public Sector Specific Issues

When developing IPSAS 44, the IPSASB considered several public sector issues related to the way public sector entities use and dispose of assets.

When entities undertake transactions related to the disposal or commercial sale of assets, there are considerations unique to the public sector. In developing IPSAS 44, the IPSASB considered several public sector issues including the following.

Available for Immediate Sale

The sale of public sector assets may require legislative or regulatory approval before they can be sold in some circumstances. Public sector assets should not be classified as held for sale until such approval has been granted because they do not satisfy the IPSAS 44 available for immediate sale criterion.

Sale to be Realized Within Twelve Months

In some circumstances, the sale process can take considerable time in the public sector. Public sector assets are only classified as held for sale when all the IPSAS 44 criteria are met. One criterion is that the sale must be highly probable. A sale is highly probable when it is expected to occur within twelve months from the date it is classified as held for sale. IPSAS 44 allows for an extension of the twelve month sale period if the delay is caused by events or circumstances outside the entity's control and it is still committed to its plan to sell the asset.

Assets Acquired in a Public Sector Combination for Immediate Sale

IFRS 5 requires an entity acquiring assets 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, reorganizations in the public sector may occur as acquisitions or amalgamations. IPSAS 44 further clarifies that IPSAS 40, *Public Sector Combinations* should be applied to account for the combination. For acquisitions, IPSAS 44 aligns with IFRS 5. For amalgamations IPSAS 44 includes additional public sector guidance requiring assets held for sale to be measured at the lower of carrying amount and fair value less costs to sell.

Scope of IPSAS 44

Public sector entities may dispose of non-current assets in a variety of ways, for example as a commercial sale or as a transfer to another public sector entity.

Only non-current assets that are to be sold on a commercial basis that meet certain criteria can be classified as held for sale.

A key principle of IPSAS 44 is that the carrying amount of the asset will be recovered through a sale.

In Scope of IPSAS 44

A non-current asset (or disposal group) is only in scope of IPSAS 44 if **ALL** the following criteria to be classified as held for sale are met:

- Carrying amount will be recovered principally through sale rather than continuing use;
- The asset must be available for immediate sale in the present condition subject to usual and customary terms; and
- The sale is highly probable.

For a sale to be highly probable the following must be met:

- Management must be committed to the plan to sell the asset;
- An active program to locate a buyer and complete the plan has been initiated;
- The asset must be marketed at a price reasonable in relation to its fair value;
- The sale is expected to be completed within 12 months; 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.

Outside the Scope of IPSAS 44

Idle or Surplus Assets

Public sector entities often have assets that are idle or surplus to its needs and which are not planned to be sold. Such assets are outside the scope of IPSAS 44 as they do not satisfy the held for sale criteria because there is no intention or plan to sell them.

Abandoned Assets

IPSAS 44 specifically excludes assets that have been abandoned because the carrying amount will not be recovered through a sale.

Transferred Assets

Non-current assets transferred between public sector entities through non-exchange transactions are outside the scope of IPSAS 44 because the carrying amount of the asset is not recovered through a sale.

Service Concession Assets

An operator may use the grantor's assets to deliver public services according to the terms and conditions of a service concession arrangement. The carrying amount of these assets is recovered through their use, not through a sale, and are therefore outside the scope of IPSAS 44.

Accounting for Non-current Assets Classified as Held for Sale and Discontinued Operations

IPSAS 44 provides the accounting requirements for assets classified as held for sale regarding:

- Measurement; and
- Presentation and disclosure.

IPSAS 44 also provides the requirements for the presentation and disclosure of discontinued operations.

Non-current Assets Classified as Held for Sale

Measurement

Immediately prior to classification as held for sale, the carrying amount of the asset is measured in accordance with the applicable IPSAS.

- Historical cost model – depreciate and impair if necessary; or
- Current value model – reverse accumulated depreciation and revalue.

After classification, the asset is measured at the lower of carrying amount and fair value less costs to sell.

- Once an asset is classified as held for sale it is no longer depreciated or amortized.

Presentation and Disclosure

Non-current assets (or a disposal group) held for sale are disclosed separately from other assets in the statement of financial position. If there are any liabilities, these are also disclosed separately from other liabilities. These assets and liabilities shall not be offset.

When assets held for sale are measured at their carrying amount, the fair value of such assets is to be disclosed when it is materially different. The IPSASB included this public sector requirement in IPSAS 44 to ensure the transparency and accountability of public sector asset sales.

Discontinued Operations

IPSAS 44 requires information on discontinued operations that is useful to users of financial statements. This includes providing:

- The results of discontinued operations, presented as a single amount;
- An analysis of this single amount;
- The cashflows attributable to the operating, investing, and financing activities of discontinued operations; and
- The amount of income from continuing operations and from discontinued operations attributable to the owners of the controlling entity.

Effective Date and Project History

The effective date of IPSAS 44 is January 1, 2025.

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The effective date of IPSAS 44 is January 1, 2025, with earlier application permitted.

The IPSASB selected this effective date because:

- (a) It aligns with the effective date for IPSAS 43, *Leases*. If IPSAS 44 is applied earlier, IPSAS 43 must also be applied at the same time;
- (b) It allows the IPSASB time to finalize other IPSAS under development, including Measurement and revisions to Property, Plant, and Equipment, which may have consequential amendments to IPSAS 44.
- (c) It allows public sector entities time to identify the impacts of and to prepare for the implementation of IPSAS 44.



Project History

To learn more about the project history, and to view the consultation document and responses, please visit:

<https://www.ipsasb.org/consultations-projects/non-current-assets-held-sale-and-discontinued-operations>