

3 (a) IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations* – deals with the measurement and reporting of assets or groups of assets that are intended to be sold or otherwise disposed of.

Required:

- (i) State the criteria that need to be satisfied before an asset or disposal group is classified as held for sale under IFRS 5.**
 - (ii) Explain how assets or disposal groups that are classified as held for sale are measured and presented in the statement of financial position. You need to describe only the minimum presentation requirements.**
 - (iii) State the criteria that need to be satisfied before an operation is classified as discontinued under IFRS 5.**
 - (iv) Identify the minimum amounts that need to be presented on the face of the statement of comprehensive income in respect of discontinued operations. (10 marks)**
- (b)** Epsilon prepares financial statements to 31 March each year.

On 1 October 2011, Epsilon decided to dispose of a business component. This business component is a disposal group that satisfied the criteria for classification as held for sale at 1 October 2011. The carrying values of the relevant assets and liabilities of the component in the financial statements of Epsilon on 1 October 2011, measured individually in accordance with applicable International Financial Reporting Standards were as follows:

	\$'000
Goodwill	10,000
Property, plant and equipment – estimated future useful economic life 4 years	25,000
Net current assets	<u>5,000</u>
	<u>40,000</u>

On 1 October 2011, the directors of Epsilon estimated that the fair value less costs to sell of this disposal group was \$28 million. The group was disposed of on 30 April 2012 for \$31 million. This was in line with a revised estimate made on 31 March 2012. The profit after tax of the business component for the year ended 31 March 2012 was \$3 million

Required:

- (i) Compute the carrying amount of the goodwill and property, plant and equipment of the business component on 1 October 2011 immediately after classification as held for sale.**
- (ii) Compute the carrying amount of the goodwill and property, plant and equipment of the business component on 31 March 2012.**
- (iii) Show the minimum amounts that must be presented on the face of the statement of comprehensive income of Delta for the year ended 31 March 2012 concerning the business component.**

(10 marks)