

DUTCH ACCOUNTING STANDARDS BOARD (DASB)



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Date : Amsterdam, 15 January 2009
Re : Comment on ED Amendments to IFRS 5 Discontinued Operations

Dear members of the EFRAG Technical Expert Group,

The Dutch Accounting Standards Board (DASB) appreciates the opportunity to respond on your draft comment letter on the ED of IFRS 5 Discontinued Operations.

We have included our response on your draft answers to the IASB in the appendix to this letter.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Hans de Munnik', written over a horizontal line.

Hans de Munnik
Chairman Dutch Accounting Standards Board

APPENDIX

Question 1 – Definition of discontinued operations

IFRS 5 defines a discontinued operation as a component of an entity that either has been disposed of or is classified as held for sale and

- (a) represents a separate major line of business or geographical area of operations,
- (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or
- (c) is a subsidiary acquired exclusively with a view to resale.

This exposure draft proposes changing the definition so that a discontinued operation is a component of an entity that

- (a) is an *operating segment* (as that term is defined in IFRS 8) and either has been disposed of or is classified as held for sale or
- (b) is a *business* (as that term is defined in IFRS 3 *Business Combinations* (as revised in 2008)) that meets the criteria to be classified as held for sale on acquisition.

The exposure draft proposes that an entity should determine whether the component of an entity meets the definition of an operating segment regardless of whether it is required to apply IFRS 8.

Question 1(a)

Do you agree with the proposed definition? Why or why not? If not, what definition would you propose, and why?

Answer DASB

We agree with your proposed response, and that the notion of a strategic shift should be left out of the assessment.

Question 1(b)

If an entity is not required to apply IFRS 8, is it feasible for the entity to determine whether the component of an entity meets the definition of an operating segment? Why or why not? If not, what definition would you propose for an entity that is not required to apply IFRS 8, and why?

Answer DASB

We agree with your proposed response.

Question 2 – Amounts presented for discontinued operations

Under IFRS 8, amounts disclosed for operating segments are the amounts reported to the chief operating decision maker. Nevertheless, although the proposed definition of a discontinued operation refers to operating segments, this exposure draft proposes that the amounts presented for discontinued operations should be based on the amounts presented in the statement of comprehensive income, even if segment information disclosed to

comply with IFRS 8 includes different amounts that are reported to the chief operating decision maker.

Question 2

Do you agree that the amounts presented for discontinued operations should be based on the amounts presented in the statement of comprehensive income? Why or why not? If not, what amounts should be presented, and why?

Answer DASB

We agree with your proposed response.

Question 3 – Disclosures for all components of an entity that have been disposed of or are classified as held for sale

The exposure draft proposes disclosures for all components of an entity that have been disposed of or are classified as held for sale, except for *businesses* that meet the criteria to be classified as held for sale on acquisition.

Question 3(a)

Do you agree with the proposed disclosure requirements? Why or why not? If not, what changes would you propose, and why?

Answer DASB

We agree with the proposed disclosure requirements of the IASB and do not agree with your concerns in your proposed response.

Question 3(b)

Do you agree with the disclosure exemptions for *businesses* that meet the criteria to be classified as held for sale on acquisition? Why or why not? If not, what changes would you propose, and why?

Answer DASB

We agree with the proposals of the IASB and do not agree with your proposed response.

Question 4 – Effective date and transition

Entities would be required to apply the proposed changes prospectively, from a date to be determined by the IASB after exposure, with one exception: the amounts in the statement of comprehensive income (or in the separate income statement) should be reclassified on the basis of the revised definition of discontinued operations for all periods presented. Earlier application would be permitted.

Question 4

Are the transitional provisions appropriate? Why or why not? If not, what would you propose, and why?

Answer DASB

We agree with the proposed transitional provisions as proposed by the IASB. We do not see any problems in potential representation based on the revised definition of discontinued operations.