



**Chartered Accountants  
Academy and Training and  
Advisory Services Comment  
Letter on Exposure Draft 79-  
Non-Current Assets held for  
sale and discontinued  
operation.**

The Technical Director

IPSASB Technical Director

25 October 2021

Dear Sir/Madam

**Chartered Accountants Academy (CAA) and Training and Advisory Services (TAS) Submission – Comment Letter on Exposure Draft 79- Non-Current Assets held for sale and discontinued operations**

In response to your request for comments for **Exposure Draft 79, Non-Current Assets held for sale and discontinued operations**, attached is the comment letter prepared by Chartered Accountants Academy and Training & Advisory Services. The comment letter is a result of deliberations of members of CAA and TAS which comprises chartered accountants who have experience in auditing, IFRS & IPSAS and academics.

We are grateful for the opportunity to provide our comments on this project.

Please do not hesitate to contact us should you wish to discuss any of our comments.

Yours faithfully,

Nyasha Chakuma (CAA)  
Project Director CAA

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Project Director (TAS)

Project team:

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### ***Specific Matter for Comment***

The IPSASB decided that there was no public sector specific reason to depart from the measurement requirements of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. However, the IPSASB considers that, where materially different, disclosures of the fair value of non-current assets classified as held for sale measured at a lower carrying amount would provide useful information to users of financial statements for accountability purpose.

### ***Proposed Additional Disclosure***

An entity shall disclose in the notes, the fair value of the non-current asset (or disposal group) classified as held for sale when that non-current asset (or disposal group) is measured at a materially lower carrying amount than fair value.

### **Our Response**

We agree with IPSASB concerning this proposal due to the following reasons.

- Assets in the Public sector usually may have been in use for a long time such that their carrying amount may be nil as such disclosure of the assets fair value will assist users assess for themselves whilst not departing from the International Financial Reporting Standards guidelines.
- Public sector entities are usually characterised by misuse of public funds, misstatements, and inefficiencies as such this disclosure enhances transparency.
- Disclosing the fair value less cost to sell also shows how management is committed to sell which is a requirement in classifying an asset as held for sell.
- Disclosure of fair values for assets held for disposal may aid in curbing corruption from assets being sold to connected parties at below fair value as individuals may be required to give a rational for disposing assets at below fair value.

### **The following factors are to be considered**

- For some non-cash generating assets it may be difficult to determine fair-values due to the fact that these assets are not regularly traded in an active market. Also, most of these

assets are unique and cannot be readily disposed without significant alterations done to them.

- An amount is considered material in the IPSAS conceptual framework if it could, individually or collectively, influence the decisions or assessments of users made based on the financial statements. Materiality is an issue of judgement as such it may not be easy to determine which amount is likely to affect the decision to be made by users, which may affect the comparability of financial statements.