

IFRS Alert

May 2008 - no. 08

IFRS 5 Guide available to member firms

Distribution: International IFRS Contacts
 Firm's Head of Assurance Services
 Firm's Managing Partner
 Risk Management Advisory Committee
 International Assurance Advisory Committee
 International Practice Partners
 IBC Directors
 Office Contact Partners

This alert is relevant to professional personnel in those member firms where a client's financial statements are, or will be required to be, issued under International Financial Reporting Standards (IFRS). Alerts may include analysis by Grant Thornton International of how IFRS should be applied in particular situations. Grant Thornton International is a membership organisation that does not practice accounting. This analysis is therefore intended as guidance without binding effect upon preparers and engagement teams.

Please distribute this alert within your firm as necessary.

Introduction

The Grant Thornton International IFRS team is pleased to announce a new publication entitled 'Non-current Assets Held For Sale and Discontinued Operations - Challenges in Applying IFRS 5' (the IFRS 5 Guide).

The IFRS 5 Guide has been developed both for sharing within member firms and for external distribution to clients and contacts. Accordingly, member firms are encouraged to circulate this publication to clients and contacts as appropriate.

The IFRS 5 Guide

Discontinuing a business operation or deciding to sell a major asset are important commercial events that can have a significant effect on an entity's results and net assets. These transactions are also the subject of a specific International Financial Reporting Standard: IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* (IFRS 5). IFRS 5 is not a new standard but experience has shown that implementing it can be a complex and time-consuming exercise. Significant judgment is required in some areas.

The IFRS 5 Guide is intended to assist companies and auditors in applying this Standard, reflecting the collective experience of Grant Thornton International's member firms. It explains IFRS 5's key implementation issues, common approaches to practical application and also includes several examples illustrating the Standard's disclosure and presentation requirements.

External distribution of the IFRS 5 Guide

The document can be printed and sent out to clients in the post, sent by e-mail and/or included on member firm websites. It is for member firms to decide if and how they distribute the publication externally and to determine the appropriate distribution list. Any costs incurred in distribution (printing, mailing etc) will be for member firms to bear.

The document is designed to be printed in portrait format.

The IFRS 5 Guide does not contain any contact person details. This is because it is not appropriate for member firm clients to contact the Grant Thornton International IFRS Team directly. However, member firms may wish to distribute the publication with a covering letter or email that includes local contact details (and also highlights issues which may be of particular interest in the local market). Alternatively, member firms may wish to put the publication on their website.

As a convenience for member firms we have drafted the following suggested text to include in a covering letter, e-mail or website when distributing the IFRS 5 Guide:

Suggested Covering Letter Text

Dear [name & address]

IFRS 5 Guide

I have pleasure in enclosing a copy of 'Non-current Assets Held For Sale and Discontinued Operations - Challenges in Applying IFRS 5', a publication by the IFRS team at Grant Thornton International Ltd.

Discontinuing a business operation or deciding to sell a major asset are important commercial events. These decisions are also likely to have a significant effect on reported results and net assets. The impact of these events and the way in which they are presented is therefore of much interest to investors, analysts, regulators and other financial statement users. This is also the subject of a specific International Financial Reporting Standard: IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* (IFRS 5).

IFRS 5 is not a new standard but experience has shown that implementing it can be a complex and time-consuming exercise. Significant judgment is required in some areas. Management and auditors should therefore assess the impact of IFRS 5 as soon as they become aware that it may be relevant. This publication explains IFRS 5's key implementation issues, common approaches to practical application and also includes several examples illustrating the Standard's disclosure and presentation requirements.

For further information on the IFRS 5 Guide or the issues raised in it, please contact [insert contact name].

Yours sincerely

[Name]

Suggested email text

Dear [name]

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For further information on the IFRS 5 Guide or the issues raised in it, please contact [insert contact name].

Yours sincerely

[Name]

Suggested website text

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For further information on this publication or the issues raised in it, please contact [insert contact name].

[Adapting the IFRS 5 Guide](#)

Member firms may wish to adapt the IFRS 5 Guide. If so, this will be entirely the responsibility of the member firm. The resulting document should not be portrayed as a Grant Thornton International publication.

Feedback

The IFRS team would be grateful for any feedback on the usefulness of this publication and also any suggestions for future publications. Please send your feedback to ifrsqueries@gtuk.com.

Further Information

For further information on the IFRS 5 Guide and other publications, you may contact Grant Thornton International's IFRS team at ifrsqueries@gtuk.com.

All IFRS alerts can be found on GTInet.

(www.GTInet.org> Expertise>Services>Assurance>IFRS)

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This IFRS alert is not a comprehensive analysis of the subject matter covered and is not intended to provide accounting or auditing advice. All relevant facts and circumstances, including the pertinent authoritative literature, need to be considered to arrive at accounting and audit decisions that comply with matters addressed in this alert.