

**Organismo Italiano di Contabilità – OIC (The Italian
Standard Setter)**

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Mr. Stig Enevoldsen
EFRAG, Chairman
Avenue des Arts 41
B - 1040 Brussels

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Re : IFRS Draft for Comments: Adoption of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

Dear Mr. van Helleman,

We are pleased to provide our comments on the draft reply of EFRAG to the European Commission, which deals with the *Adoption of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations*.

We agree with the comments included in the draft reply, and in particular with the agreement of EFRAG to the limited change with respect to IAS 35 and to the other amendments made to ED 4. We support in particular the amendments made in respect of the balance sheet presentation.

We agree with your concerns that the adoption of IFRS 5 will lead to a balance sheet in which assets still in use are classified as held for sale but will no longer be depreciated. We also agree with your concern that it is inappropriate to remove the exemption from consolidation for subsidiaries acquired exclusively with a view to sale, as this will be of little benefit to users of consolidated financial statements. In addition, we are also concerned that, as indicated in the draft, confusion may be created by the notion of “component of an entity”, where there was already the definition of cash generating unit.

As one of the conditions for the classification as held for sale, paragraph 8 of the Standard requires that a sale should expect to be completed within one year from the date of classification. In the absence of a precise definition of classification date, the definition in paragraph 8 appears unclear and even circular, and this matter was already addressed in our comments to ED 4. Moreover, in the absence of a precise definition of the date of classification, entities may consider this to be the balance sheet date, which

could be several months after the date intended by the spirit of IFRS 5. We therefore recommend that this matter could be the subject of an IFRIC interpretation.

We are pleased to provide you with our above comments, but do not believe these are of sufficient weight to compromise the validity of the Standard as a whole, and accordingly recommend that EFRAG recommend its adoption to the Commission.

Yours sincerely,

Prof. Angelo Provasoli
(OIC – Chairman)