

Finance essay examples

[Economics](#), [Money](#)



FASB Codifications

ASC 205- Presentation of Financial Statements

ASC 25- Discontinued Operations

ASC 45- Other Presentation Matters

1) It can be classified as a reportable segment, operating segment, a reporting unit, subsidiary or an asset group. Important to note, to be clearly distinguished, operationally and for financial reporting purposes, from the rest of the entity is the component of an entity which it comprises operation and cash flows.

2) Conditions for reporting discontinued component:

Important to note that if an organization that has disposed of, or classified the component of an entity as ‘ held for sale’, wants to report it as a discontinued component, it has to satisfy two conditions:

i)The ongoing operations of the entity have to be eliminated by operations and by recording the cash flows of the component so incurred because of the disposal transaction.

ii)Once the organization has disposed the component, there will not be any involvement in the ongoing operations of the business.

3)Accounting Standard Updates:

FASB is issuing the updates of accounting standards over disposals as they are recurring in nature and the recurring disposals qualify for discontinued operations presentation, despite it is less decision useful for the users. It also can be complex and difficult to apply as some stakeholders noted because of the higher cost for preparers. Therefore, the update becomes as there was reporting requirements for discontinued operations

4)

i) No, it will only be recorded as discontinued operations that refers to disposal of components that has affected an entity.

ii) The item 2 and section on 45-1 are same conditions that must be met for component of an entity.

5) All such disposals that are classified by the entity as ' held for sale' and those that occur within the beginning and interim periods. The entity should not component, when the component of an entity, or business or nonprofit activity, is disposed after effective date.

6) The definition for consequence of disposal is same in IFRS accounting standards and hence, the consequence of disposals will be determined by checking if the disposal is fit for discontinued operations presentations