



January 23, 2009

International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
United Kingdom

Re: Exposure Draft on Discontinued Operations- Proposed Amendments to IFRS 5

The Committee on Corporate Reporting of Financial Executives International Canada ("FEI Canada") is writing to provide its response to the International Accounting Standards Board ("IASB") Exposure Draft ("ED") Additional Exemptions for First-Time Adopters (Proposed Amendments to IFRS 1). FEI Canada is the all-industry professional membership association for senior financial executives. With eleven chapters across Canada and more than 2,100 members, FEI Canada provides professional development, thought leadership and advocacy services to its members. The association membership, which consists of Chief Financial Officers, Audit Committee Directors and senior executives in the Finance, Controller, Treasury and Taxation functions, represents a significant number of Canada's leading and most influential corporations.

The Committee on Corporate Reporting ("CCR") is one of two national advocacy committees of FEI Canada. CCR comprises more than 20 senior financial executives representing a broad cross-section of the FEI Canada membership and of the Canadian economy who have volunteered their time, experience and knowledge to consider and recommend action on a range of issues related to accounting, corporate reporting and disclosure. In addition to advocacy, CCR is devoted to improving the awareness and educational implications of the issues it addresses, and is focused on continually improving the standards and regulations impacting corporate reporting.

The body of this letter includes our general comments and observations on this Exposure Draft. Appendix A to this letter includes our responses to the specific issues raised. We appreciate the Board's efforts to improve financial reporting by developing a common definition of discontinued operations.

We agree that the proposed definition of discontinued operations would simplify the identification of discontinued operations and achieve the objective of restricting discontinued operation disclosures to a "strategic shift" in operations. We believe that the proposed measurement and disclosure requirements for discontinued operations are appropriate.

CCR is pleased to have the opportunity to provide our views on this topic and trusts that you find our comments constructive. We would be happy to discuss our comments with you at any time.

Yours very truly,

A handwritten signature in black ink, appearing to read "Victor Wells", written in a cursive style.

Victor Wells
Chair
Committee on Corporate Reporting
FEI Canada

Appendix A

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.

This 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?

Response

Yes. We agree that this definition would simplify the identification of discontinued operations, better structure the definition to align with other terms defined in IFRS and achieve the objective of restricting discontinued operation disclosures to a “strategic shift” in operations.

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?

Response

[Non-public entities not required to apply IFRS 8 disclosures would still be subject to internal management and investor reporting requirements. The requirement of paragraph 32A of this Exposure Draft only emphasizes the need for disclosure of significant strategic disposals to such users. Therefore the requirement in paragraph 32A requiring disclosure of operating segments (essentially strategic disposals) qualifying as “held for sale” as discontinued operations disclosure would be appropriate for non-public entities.]

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?

Response

Yes. We agree that amounts presented for discontinued operations should be based on amounts presented in the statement of comprehensive income. GAAP basis would be the most logical, provide better comparability with prior periods and allow users to contrast the impact from the strategic plan to continuing ops.

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?

Response

Yes. We believe that disclosure requirements in the Exposure Draft for all components qualifying as held for sale (other than businesses acquired for resale) are appropriate.

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?

Response

Yes. We agree with the disclosure exemptions for businesses classified as held for sale upon acquisition, since reliable historical financial information may not be readily available to comply with proposed disclosure requirements.

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?

Response



Yes. We believe that such reclassification of amounts presented in the statement of comprehensive income would permit comparability with prior periods and is therefore appropriate.