

## MINUTES



Financial Accounting  
Standards Board

**To:** FASB Board Members

**From:** Discontinued Operations Team  
(Davis, x447)

**Subject:** Minutes of the December 17, 2009, Joint Board Meeting: Discontinued Operations—  
Definition and Disclosures of a  
Discontinued Operation

**Date:** January 6, 2010

**cc:** Golden, Bielstein, Leisenring, Lott, Proestakes, Stoklosa, C. Smith,  
Mechanick, Glotzer, Hood, Petrone, Kawanishi, Posta,  
Chookaszian, Gabriele, Klimek, McGarity, Romas, Intranet

*The Board meeting minutes are provided for the information and convenience of constituents who want to follow the Board's deliberations. All of the conclusions reported are tentative and may be changed at future Board meetings. Decisions become final only after a formal written ballot to issue an Accounting Standards Update.*

Topic: Definition and Disclosures of a  
Discontinued Operation

Basis for Discussion: FASB Memo 10

Length of Discussion: 7:00–7:45 a.m. (EST)

Attendance:

Board members present: **FASB:** Herz, Siegel, Seidman, and Smith  
**IASB:** Tweedie, Cooper, Danjou, Engström,  
Finnegan, Garnett, Gélard, Gomes,  
Kalavacherla, Leisenring, McConnell,  
McGregor, J. Smith, Yamada, and Wei-Guo

Board members participating by phone: None

Board members absent:	None
Staff in charge of topic:	Hood and Kawanishi
Other staff at Board table:	FASB: Golden and Proestakes IASB: Teixeira
Outside participants:	Linsmeier, Hood, Martin

### Summary of Decisions Reached

#### **Definition of a discontinued operation**

The Boards decided that a discontinued operation is a component that has either been disposed, or is classified as held for sale, and has the following characteristics:

1. Represents a separate major line of business or geographical area of operations,
2. Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or
3. Is a business that meets the criteria to be classified as held for sale on acquisition.

#### **Disclosures**

##### *Disposal of a component of an entity that meets the definition of a discontinued operation*

An entity would provide the following disclosures about a disposal of a component of an entity that meets the definition of a discontinued operation for current and prior periods:

1. The profit or loss, together with major income and expense items constituting that profit or loss, including impairments, interest, depreciation, and amortization
2. The major classes of cash flows (operating, investing, and financing)
3. A reconciliation of the major classes of assets and liabilities classified as held for sale in the notes to the financial statements to total assets and total liabilities classified as held for sale that are presented separately on the face of the statement of financial position
4. A reconciliation of the profit or loss for disposals presented in the notes to the financial statements to the after-tax profit or loss from discontinued operations presented on the face of the statement of comprehensive income
5. If the component includes a noncontrolling interest, the profit or loss attributable to the parent.

##### *Disposal of a component of an entity that does not meet the definition of a discontinued operation*

An entity would provide the following disclosures about a disposal of a significant component of

an entity that does not meet the definition of a discontinued operation for current and prior periods:

1. The pre-tax profit or loss
2. A reconciliation of the major classes of assets and liabilities classified as held for sale in the notes to the financial statements to total assets and total liabilities classified as held for sale that are presented separately on the face of the statement of financial position
3. A reconciliation of the profit or loss for disposals presented in the notes to the financial statements to the after-tax profit or loss from discontinued operations presented on the face of the statement of comprehensive income
4. If the component includes a noncontrolling interest, the pre-tax profit or loss attributable to the parent.

#### *Disposals of long-lived assets that are not components of an entity*

If major classes of assets and liabilities included as part of the disposal group are not separately presented on the face of the statement of financial position, the entity would disclose those classes of assets and liabilities in the notes to the financial statements. In addition, the entity would reconcile the amounts provided in the notes to the financial statements to total assets and total liabilities classified as held for sale that are presented separately on the face of the statement of financial position, respectively.

#### *Continuing involvement and continuing cash flows*

If an entity retains continuing involvement with the discontinued operation and/or continuing cash flows between the discontinued operation and the remaining entity after the disposal date, the entity would provide the following disclosures:

1. The nature of the activities that give rise to continuing involvement and/or cash flows
2. The period of time for which the continuing involvement and/or cash flows is expected to continue
3. The amount of the continuing cash flows, if applicable
4. The amounts presented in continuing operations after the disposal transaction that prior to the disposal transaction were eliminated in consolidated financial statements as intra-entity transactions.

#### **Effective date and transition**

The Boards decided to aim to issue the new guidance so that it would be effective for U.S. GAAP preparers for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years, and for IFRS preparers, for fiscal years beginning on or after January 1, 2011, and for interim periods within those fiscal years. Early application of the new guidance would be permitted. Entities would apply the new guidance prospectively.

#### **Re-exposure and comment period**

The Boards decided that the proposed guidance would be re-exposed. The Boards directed the staff to proceed to a draft of an Exposure Draft for vote by written ballot. The length of the comment period for the Exposure Draft would be discussed at a future meeting.

Follow-up Items

None.

General Announcements

None.