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INSIGHTS

ACCOUNTING & TECHNOLOGY

IFRS 5 held for sale and discontinued operations in Cambodia

How CIFRS IFRS 5 classifies non-current assets and disposal groups as held for sale, measures them at the lower of carrying amount and fair value less costs to sell, and presents discontinued operations — with the Cambodian divestment and tax angle.



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WHEN IS AN ASSET OR BUSINESS HELD FOR SALE UNDER IFRS 5, AND HOW IS IT MEASURED?

Under CIFRS (IFRS 5 Non-current Assets Held for Sale and Discontinued Operations) a non-current asset or disposal group is classified as held for sale when it is available for immediate sale in its present condition, the sale is highly probable, management is committed to a plan, an active programme is under way, the price is reasonable and the sale is expected within one year (with limited extensions). It is measured at the lower of carrying amount and fair value less costs to sell, depreciation stops, and the assets and liabilities are presented separately; a discontinued operation is presented separately in profit or loss. CIFRS for SMEs does not have a separate IFRS 5; it addresses a plan to dispose as an impairment indicator and presents discontinued operations more simply, so confirm the edition.

IN SHORT

- Held for sale is a classification with strict criteria: available immediately, highly probable, management committed, active programme, reasonable price and a one-year horizon.
- Measure at the lower of carrying amount and fair value less costs to sell; stop depreciating; present the assets and liabilities separately.
- A discontinued operation is a separate major line of business, geographical area or a subsidiary acquired for resale; present its result separately.
- CIFRS for SMEs has no separate IFRS 5; it treats a disposal plan as an impairment indicator and has simpler discontinued-operation presentation.
- In Cambodia, the disposal also triggers MOC/share-transfer steps, stamp duty, tax on the gain and deferred tax — the accounting classification does not settle the tax.

The held-for-sale criteria

IFRS 5 applies to non-current assets and disposal groups. A disposal group is a group of assets and liabilities to be disposed of together in a single transaction. The asset or group is classified as held for sale when its carrying amount will be recovered principally through a sale rather than through continuing use, and the sale is highly probable.

For the sale to be highly probable, management must be committed to a plan to sell, an active programme to find a buyer must be initiated, the asset must be actively marketed at a reasonable price, the sale must be expected to qualify for recognition as a completed sale within one year, and significant changes to the plan must be unlikely. The asset must be available for immediate sale in its present condition, subject only to customary terms.

The one-year period can be extended in limited circumstances, such as a delay caused by events beyond the entity's control and a demonstrated commitment to sell. The extension must be disclosed. A plan that is still at the discussion stage, or a sale that requires a change in the asset's condition or a regulatory approval that is not expected within a year, does not meet the criteria.

HELD FOR SALE, INVENTORY OR INVESTMENT PROPERTY

Classification	Standard	Measurement
Non-current asset held for sale	IFRS 5	Lower of carrying amount and FVLCTS; no depreciation
Disposal group	IFRS 5	Lower of carrying amount and FVLCTS for the group
Inventory for sale in the ordinary course	IAS 2 / Section 13	Lower of cost and net realisable value
Investment property	IAS 40 / Section 16	Cost or fair value model; IFRS 5 if the held-for-sale criteria are met
Subsidiary held for sale	IFRS 5 and IFRS 10	Present as held for sale; deconsolidate on loss of control

Measurement and presentation

A non-current asset or disposal group classified as held for sale is measured at the lower of its carrying amount and fair value less costs to sell. An impairment loss is recognised for any initial or subsequent write-down to fair value less costs to sell, and a gain is recognised for a subsequent increase, but not above the cumulative impairment loss previously recognised. The asset is not depreciated or amortised while it is held for sale.

The assets and liabilities of a disposal group are presented separately from other assets and liabilities in the statement of financial position. The major classes of assets and liabilities are disclosed, and the cumulative income or expense recognised in OCI is disclosed. The comparative statement of financial position is not reclassified, but the presentation of the current period is separate.

If the criteria are no longer met, the asset is reclassified out of held for sale and measured at the lower of its carrying amount before the held-for-sale classification (adjusted for depreciation that would have been recognised) and its recoverable amount at the date of reclassification. The adjustment is presented in the same line as the original impairment.

> ⚠ **A plan is not a classification**
>
> A board discussion about a possible sale is not held for sale. The criteria need a committed plan, an active marketing process, a reasonable price and a sale expected within a year. Document the evidence before changing the measurement.

Discontinued operations

A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale and represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of a separate major line or area, or is a subsidiary acquired exclusively with a view to resale.

The results of a discontinued operation are presented separately in the statement of profit or loss, including the post-tax profit or loss of the discontinued operation and the post-tax gain or loss on the disposal or remeasurement to fair value less costs to sell. The comparative statement of profit or loss is re-presented so that the discontinued operation is shown separately for all periods presented.

The cash flows of the discontinued operation are disclosed separately, and the notes explain the nature of the operation and the financial effect of the disposal. A company that presents a discontinued operation without re-presenting the comparatives has not met the requirement.

CIFRS for SMEs: no separate IFRS 5

CIFRS for SMEs does not have a separate standard equivalent to IFRS 5. Section 17.26 treats a plan to dispose of an asset before the previously expected date as an indicator of impairment under Section 27, and Section 5 presents discontinued operations in the statement of profit or loss. The full IFRS 5 classification, the lower-of-carrying-and-fair-value-less-costs-to-sell measurement and the separate held-for-sale presentation are not replicated in the same form.

In practice, an SME that is preparing a sale should agree the treatment with its auditor, apply the impairment requirements and disclose the plan and the expected effect. The National Accounting Council's adoption determines the edition in Cambodia; confirm the edition before relying on a section number.

Cambodian divestment and tax

A share sale or asset sale in Cambodia is completed through the share transfer or asset transfer documents, the MOC filings and, for land or property, the title transfer. The accounting classification under IFRS 5 does not complete the legal sale, and the legal completion date can differ from the held-for-sale classification date.

Stamp duty under Prakas 577 can apply to a share transfer or a property transfer. The tax on the gain, the deductibility of costs, the capital gains position and the deferred tax effect are separate from the accounting result. A capital gain may be subject to tax under the Law on Taxation (2023) or the pending capital gains regime; confirm the current position with the GDT before completing the disposal.

For a subsidiary, the group applies IFRS 10 and deconsolidates on loss of control, recognising the gain or loss on disposal and any retained interest at fair value. The group audit under ISA 600 should cover the disposal, the held-for-sale presentation and the tax position. The parent's consolidated accounts and the selling entity's separate accounts may show different gains.

- Board resolution, sale mandate and active marketing evidence.
- The sale agreement, completion date and MOC/title transfer documents.
- The fair value less costs to sell and the impairment calculation.
- The tax on the gain, stamp duty and deferred tax.
- The discontinued-operation presentation and comparatives.

Key facts

How this article is checked

Figures were verified against the sources listed below in November 2026 and are re-checked each January or when the rule changes. Written by Liv Bonito, Co-founder & Managing Director. General information, not advice on your situation: for that, talk to a partner.

QUESTIONS

Questions people ask

Can the one-year sale period be extended?

Yes, in limited circumstances where the delay is caused by events beyond the entity's control and the entity remains committed to the sale. The extension must be disclosed. A routine delay caused by the entity's own actions does not qualify.

Is a subsidiary held for sale still consolidated?

A subsidiary classified as held for sale is presented under IFRS 5, but it remains consolidated until control is lost. On loss of control, the parent deconsolidates, recognises the gain or loss on disposal and measures any retained interest at fair value.

Does the held-for-sale classification change the tax treatment?

No. The tax on the disposal, stamp duty, capital gains and deferred tax are determined by the tax law and the transaction documents. The accounting classification and measurement are separate, and the tax position should be confirmed with the GDT.

What if the sale does not complete?

If the criteria are no longer met, the asset is reclassified out of held for sale and measured at the lower of its carrying amount before the held-for-sale classification (adjusted for depreciation) and its recoverable amount at the date of reclassification. The adjustment is presented in the same line as the original impairment.

SOURCES

Where the rules come from

01 IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (https://www.ifrs.org/issued-standards/list-of-standards/ifrs-5-non-current-assets-held-for-sale-and-discontinued-operations/) — IFRS Foundation

02 IFRS for SMEs Accounting Standard, Section 17 Property, Plant and Equipment and Section 5 Statement of Comprehensive Income (https://www.ifrs.org/issued-standards/ifrs-for-smes/) — IFRS Foundation

03 IFRS 10 Consolidated Financial Statements and IFRS 3 Business Combinations — IFRS Foundation

04 Law on Taxation (Royal Kram NS/RKM/0523/004, 16 May 2023); Prakas 577 on stamp duty (https://www.tax.gov.kh) — Kingdom of Cambodia / General Department of Taxation

05 Law on Commercial Enterprises (2005 & 2022 Amendment): share transfers and MOC filings — Kingdom of Cambodia