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INTERNATIONAL FINANCIAL REPORTING STANDARDS' (IFRS) APPLICATION  
PECULIARITIES: A CASE STUDY

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**Abstract.** This article raises the topical issue of the main aspects of International Financial Reporting Standards (IFRS) 5 "Non-current assets held for sale" and their more logical and structured explanation according to the standard for a more accessible understanding by all stakeholders of this standard, including students, since at the moment IFRS 5 little known and rather difficult to understand. The authors describe the processes of recognition and evaluation of non-current assets held for sale, using the financial statements of the largest Russian company as an example. A brief overview of the effectiveness of its activities is given, indicating the importance of the occupied market share and the representativeness of the results obtained. The write-off procedure for the asset held for sale is presented under this heading, taking into account the particulars of the depreciation process for the assets in question. The study showed that normally a sale of an asset must take place within one year, but this may not always be the case, which is reflected in this article. The conclusion presented results and recommendations which, on the one hand, improve the reliability of the company's financial statement, on the other hand, facilitate the understanding of the accounting area for interested users.

**Keywords:** cultural approach; non-current assets; recognition; disposal; simplification

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**JEL Classifications:** E42, E52, G38

## 1. Introduction

International Financial Reporting Standards (hereinafter IFRS) are known to provide a universal and understandable framework for interaction between the reporting company and the users of this information. Importantly, international standards do not constitute national accounting standards; they, therefore, do not have the characteristics and leverage of local jurisdictions. National accounting standards, in turn, take into account the specificities of a country's economy and, to a greater extent, the interests of regulators and regulators (Morozova & Lehoux. 2019). As a result, there may be differences in the disclosure of elements of financial reporting. Unlike

national accounting standards, IFRS focus on providing reliable financial information that can be useful to external users, particularly investors and creditors, for economic decisions regarding investments (Chen, 2017). A significant benefit in bringing together national and international users of financial information is the ability to apply IFRS to the global agglomeration voluntarily unless the law of jurisdiction provides otherwise (Mages, 2007). The problem of accounting and valuation of non-current assets held for sale is very relevant since this issue is not very widely covered, and also because of the difficulty of people understanding the recognition and disposal of such specific types of assets (Zypel & Young 2012). Moreover, the Ministry of Finance of Russia made changes in the legislation for non-current assets held for sale in 2019, so, now, Russian rules are very close to IFRS 5. To increase awareness and understanding IFRS 5 the authors will consider all necessary steps of recognition, assessment, and disposal on the example of PIK Group, which will ease in understanding all processes. We will try to construct some recommendations about a reflection of non-current assets in the financial statements of PIK Group and other companies.

## 2. Literature review

Long-term assets held for sale were discussed in several articles. Druzhilovskaya (2015) studies present the following definition of non-current assets held for sale: “Non-current assets held for sale are expected to be realized within 12 months after the reporting date and they are held for trading”. This article also raises the issue of accounting for these types of assets in Russian accounting in comparison with IFRS standards, since at the time this article was written (2015), there was no proper accounting for long-term assets held for sale in Russia. Another researcher Ignatova (2008) uses in her article the definitions of long-term assets held for sale exactly following the standards for a more accurate understanding of the differences between the two systems: Russian and international. International standard IFRS 5 classifies non-current assets as held for sale, if their carrying amount will be recovered primarily through sale, and not through continuing use. Now, from April 5, 2019, the Ministry of Finance of Russia made changes to clause 10.1 of PBU 16/02 "Information on discontinued operations", which came into force on January 1, 2020, which recognize long-term assets for sale as "an item of fixed assets or other non-current assets (except financial investments), the use of which was discontinued due to the adoption of a decision to sell it and there is a confirmation that the resumption of use of this object is not expected (an appropriate decision was made by the management, actions were started to prepare the asset for sale, an agreement was concluded)".

Non-current assets for sale are also considered to be tangible assets held for sale that remain from the disposal, including partial, non-current assets or recoverable in the course of their current maintenance, repair, modernization, reconstruction, except for the case when such values are classified as inventory. All these definitions have the same meaning, so it is difficult to disagree with them (Zeghal et al., 2011; Kim & Shi, 2012; Kager, & Niemann, 2013; Leventis et al., 2011; Mohammadrezaei et al., 2016). Current research is directed, first of all, to increase the awareness of this subject, to conduct a multilateral analysis of IFRS 5, which is the main document for assessing such a special type of assets as non-current assets held for sale, based on this analysis, consider the recognition and disposal of long-term assets held for sale by example PIK Group, as well as possible ways to improve the recognition of these assets. The main goals of the article are presented below:

- a) To study the theoretical basis for accounting for non-current assets held for sale, which is the IFRS 5 standard.
- b) Based on IFRS 5 and financial statements of the PIK Group, to analyze the recognition and disposal of long-term assets held for sale in the company's statements.
- c) Assess and make recommendations for the recognition and disclosure of information in the financial statements of the PIK Group on the recognition and disposal of long-term assets held for sale.

Usually, we use non-current assets for production purposes, but there are some exceptions. These exceptions can be seen in IFRS 5, where non-current assets, which held for sale are described. Hence, this standard tells us the rules for recognizing non-current assets held for sale in firms, as well as the right to dispose of such assets from

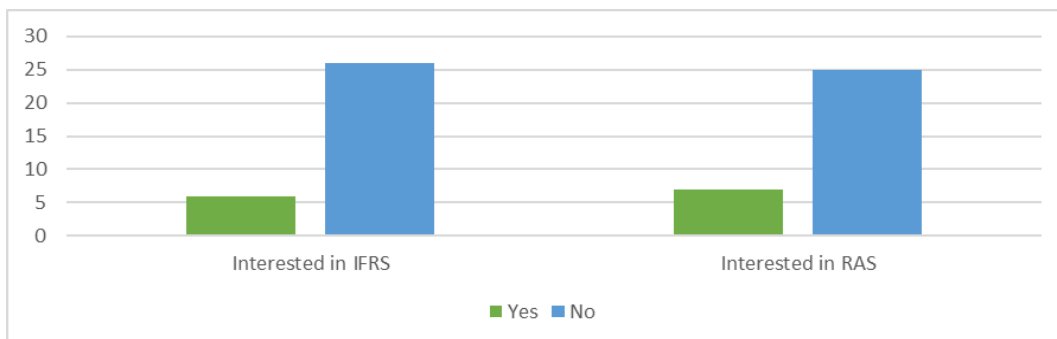
the company's statement of financial position. According to IFRS 5, a company needs to classify non-current assets as assets for sale if their carrying amount will be compensated primarily through the sale and not through the continued use of this non-current asset (Abdallah et al., 2018; Di Fabio, 2018). However, there are a few exceptions that should never be considered non-current assets held for sale:

- 1) deferred tax assets (IAS 12 Income Tax);
- 2) assets arising from employee benefits (IAS 19 Employee Benefits);
- 3) financial assets within the framework of IFRS 9 "Financial Instruments";
- 4) non-current assets that are accounted following the fair accounting model - the value specified in IAS 40 Investment Property;
- 5) non-current assets measured at fair value fewer costs to selling following IAS 41 Agriculture;
- 6) rights arising from insurance contracts as defined in IFRS 4 Insurance of Contracts.

For a better understanding of all processes of recognition, assessment, and disposal of non-current assets, held for sale, we will use information about PIK Group and its financial statements. But initially, we made some quick reviews of this company to understand its current position and the feasibility of the study. The PIK Group of Companies is the largest developer in Moscow and the Moscow Region, which began its history in 1994. The group of companies specializes in the construction of comfort class apartments and is also engaged in the design of real estate objects, produces building materials, building structures, mainly for further use in its construction. We can say that there is a vertical integration of companies to reduce the cost of real estate construction. The company has been on the stock market since 2007. In addition, the company is on the list of system-forming enterprises in Russia by the decision of the Government of the Russian Federation.

### 3. Methods

For better analysis and understanding of the relevance of this topic, a survey among students of the Plekhanov Russian University of Economics was conducted. This survey consisted of 5 questions covering this topic. So, according to the study, about 19% of respondents answered that they were interested in the topic of studying IFRS, while studying Russian Accounting Standards (RAS) was interested in about 21% of respondents. The data show that at the moment approximately the same number of students is interested in studying two different systems, which may be a consequence of the merger of the two systems together to facilitate the process of creating and using the financial statements of companies from different countries by stakeholders, which will improve and increase the movement of capital between countries, developing the economies of countries and the



the world as a whole (see Fig. 1).

**Fig. 1.** Results of a survey of students' interest in IFRS and RAS

The following questions dealt directly with IFRS 5 "Non-current assets held for sale". A question was asked as to whether the students were familiar with this standard. The result showed that only 19% of respondents have heard about this standard, not a single student has read this standard, and 81% have never heard or know anything about it. Not so good statistics, which confirms my words about the non-prevalence of this standard.

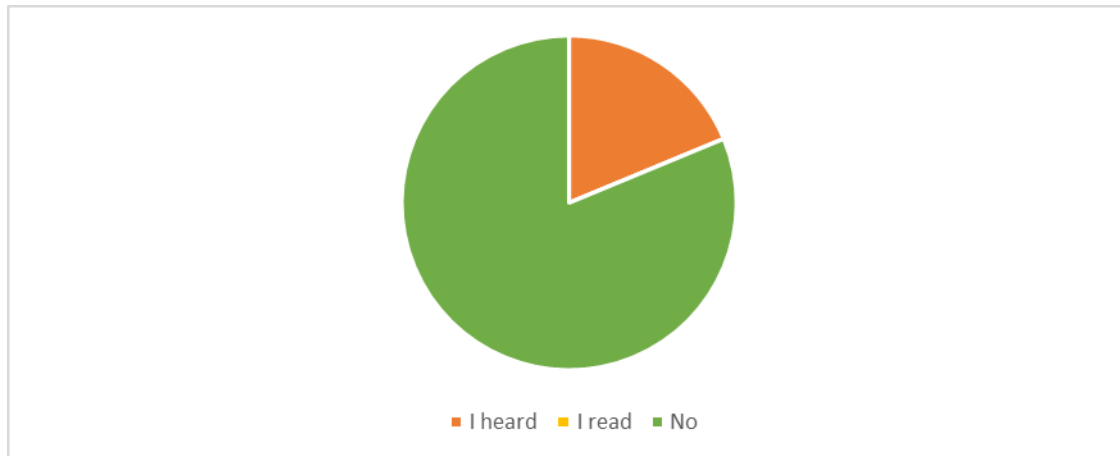
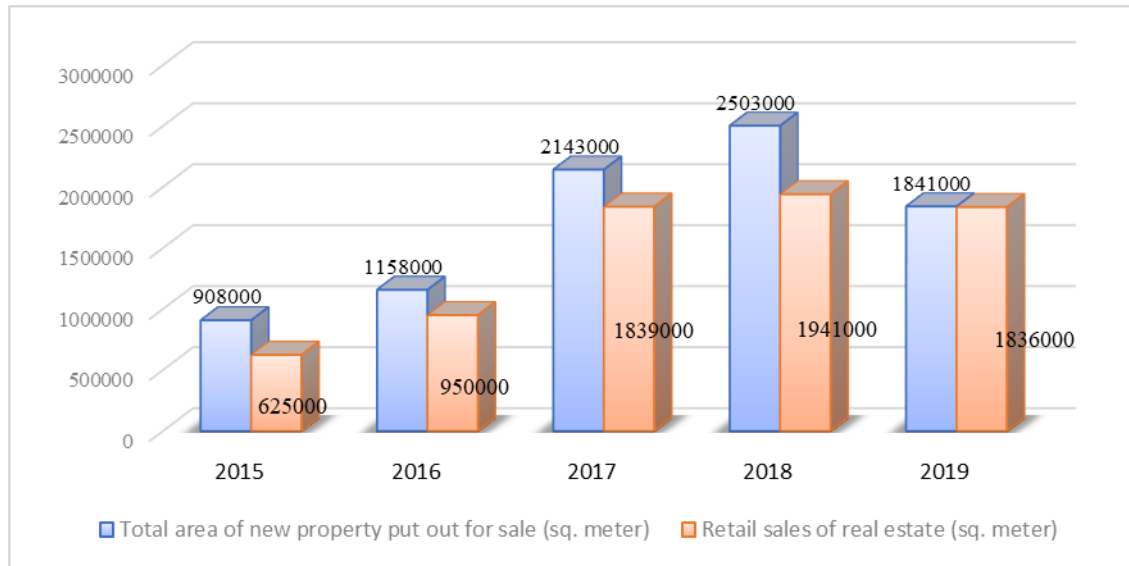


Fig. 2. Results of a survey of students' knowledge of IFRS 5

An equally important question, and perhaps the most important for this article, looks like this: "Do you understand this IFRS?" Unfortunately, the results of this question are not satisfying. Only 9% of respondents answered that they understand this standard, while 91%, although they know about it, do not understand it. Thanks to this question, we can accurately assert the need to write this article, as well as its further distribution. The final question concerns the students' interest in studying this standard in a simplified format to better understand this issue. 30% of respondents expressed a desire to study this issue, while 70% of respondents did not show interest, but even 30% is already a fairly significant result (Fig. 2). We hope that this article, using the example of the analysis of the standard for the PIK Group, will help to better and more accurately understand the data of the rather complex IFRS 5. For the deepest understanding of this problem, it is necessary to study the materials that reveal the basic concepts of this issue.

#### 4. Results

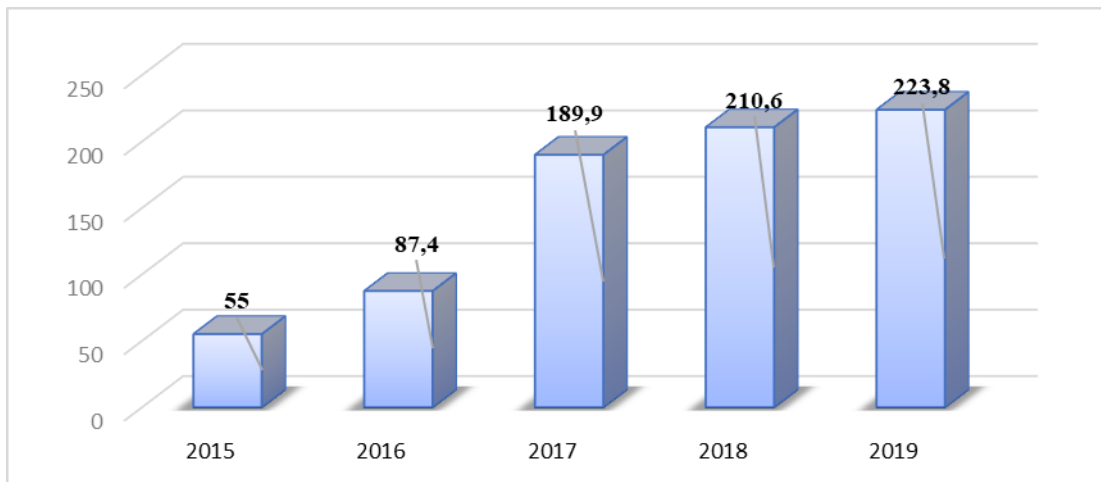
Speaking of quantitative indicators, the company has increased the total commissioning of housing (Fig. 3), starting from 2015 by 203% percent and at the moment is the largest developer in Russia. Also, we can observe the positive tendencies in both directions: in the volume of market entry by PIK flats and its purchases from 2015 to 2018 and decrease by 26% and 5% consistently in 2019. It can be probably explained by introduction of law about escrow accounts.



**Fig. 3.** Comparison of the volume of real estate of the PIK group of companies (the volume of market entry and sales of housing in square meters) Financial Statements of PIK Group from 2015 to 2019

Source: [https://www.investing.com/equities/pik\\_rts-ratios](https://www.investing.com/equities/pik_rts-ratios)

But despite the fact that the company has decreased the entrance of new houses in 2019, if we will talk about the sales of new apartments, we can see the constant growth from the sales starting from 2015 to 2019 by 407% and by 6,3% from 2019 to 2018, that you can see in Fig. 4. Talking about the comparison of average industry 5 years growth and the company's growth: we can observe a huge gap between these two values: the average industry growth is equal to 9,37% increase of sales of real estate, while PIK shows the increase of 293% in comparison with 2015.



**Fig. 4.** Real estate sales (billion rubles) Financial Statements of PIK Group from 2015 to 2019

Source: [https://www.investing.com/equities/pik\\_rts-ratios](https://www.investing.com/equities/pik_rts-ratios)

The fiscal year 2019 ended for the PIK with revenue of 280635 million rubles compared to 245557 million rubles, which were indicated in the 2018 financial statements. This increase is due to the growth of sales of real estate and the increase of revenue from proceeds from other sales by practically 500%. In fiscal 2019, PIK recorded a

net profit of 45113 million rubles in comparison with a year-ago profit of 26893 million rubles. It increased by 167,75%.

Key company figures in 2019:

- 1) Total area of new property put out for sale (sq. meter) - 1841000 (↑202% from 2015)
- 2) Real estate sales (billion rubles) - 223,8 (↑407% from 2015)
- 3) Revenue 280635 mln RUB (↑549%) and Net profit 45113 mln RUB (↑394%)
- 4) Share price of the company increased by 183% from 219 Rub in 2015 to 400 Rub in 2019 (↑183%)

Talking about some main indicators for company, such as ROA, ROE, it shows very good results and it is higher than the industry average. Current ratio, which is also vital for company, is equal to 1,85 that means that company can easily pay it's short-term debts because it is higher that industry average and higher than optimal value 1,5 (Table 1).

**Table 1.** Indicators for PIK Group in 2019

	PIK Group	Industry average
ROE	40,9%	32,31%
ROA	9,56%	7,88%
Current ratio	1,85	1,64

Therefore, as a result of our analysis, it can be pointed out that PIK Group has a rather stable position with great potential. To realize non-current assets held for sale, we also need to estimate this or recognize it in the financial statements. An entity shall measure a non-current asset classified as held for sale at the lower of its carrying amount and fair value fewer costs to sell (net realizable value).

Net realizable value (NRV) is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs required to sell. Immediately prior to the initial classification of an asset as held for sale, the carrying amount of the asset (or all assets and liabilities in a group) must be measured in accordance with applicable IFRSs. If a newly acquired asset meets the criteria for being classified as held for sale, this would result in the asset being measured on initial recognition at the lower of its carrying amount if it had not been classified, thus (eg cost price) and fair value fewer costs to selling.

Therefore, if an asset is acquired in a business combination, it must be measured at fair value with fewer costs to sell. If the sale is expected to occur after more than one year, the entity shall measure the cost to sell at its present value. Increases in the present value of costs to sell arising overtime should be presented in profit or loss as finance costs. However, during the same period, the value of non-current assets for sale may change, so the firm needs to recalculate it:

- 1) a company must recognize an impairment loss on the initial or subsequent write-down of an asset to fair value less costs to sell (Florou & Kosi, 2015; Tsilikova et al., 2020);
- 2) a company shall recognize a gain on subsequent increases in the fair value of the asset less costs to sell, but not in excess of any accumulated impairment loss that was recognized either in accordance with this IFRS or previously in accordance with IAS 36 Impairment of Assets (Ponomareva et al., 2020; Belyakova & Zvereva et al., 2020a, 2020b).
- 3) any gain or loss not recognized at the date of sale of the non-current asset should be recognized at the date of derecognition (Hirsch, 2007; Zvereva et al., 2020a 2020b).

A company shall not depreciate a non-current asset when it is classified as held for sale or when it is part of a disposal group that is classified as held for sale. So, considering the financial statements of the Group, we can distinguish the following points related to the entry of long-term assets that were accounted for as held for sale.

However, in order to recognize an asset as held for sale in its accounting, it is necessary to take into account several points.

1. The company plans to obtain value from this asset not through use, but sale. In the reporting of the PIK group of companies, it is indicated that these companies were purchased not for the purpose of use, but for the purpose of further resale.
2. The company is actively looking for buyers, and the likelihood of a sale is assessed as high.
3. The sale must take place within 1 year (with some exceptions described in theory). Also, in the PIK reporting, you can see that the PIK group of companies acquired these companies in the second half of 2019, and sold them already in December of the same year, that is, these companies were on the balance sheet for less than a year, which corresponds to the conditions for recognizing an asset as held for sale.
4. The company must indicate at what value the asset will be valued: at the lower of two values: carrying amount or fair value minus costs for sale. The PIK group of companies in its financial statements uses the method of valuation of a long-term asset held for sale at fair value fewer costs to sell (Net realizable value), which were determined and known at the time (date) of acquisition. Sometimes a company may decide not to sell an asset, so that asset is no longer recognized as held for sale.

If an entity has classified an asset as held for sale, but the criteria in this IFRS are no longer met (in terms of a plan, active sale, its adequate cost, etc.), then the entity should discontinue the classification of the asset. as put up for sale.

In case of refusal to classify the asset NC as for sale, the company must evaluate it at the minimum value:

- 1) its carrying amount before the asset was classified as held for sale, adjusted for the depreciation or revaluation amounts that would have been recognized if the asset had not been classified as held for sale
- 2) its recoverable amount at the date of the subsequent decision not to sell or distribute

If the sale is expected to occur after more than one year, the entity shall measure the cost to sell at its present value. Increases in the present value of costs to sell arising over time should be presented in profit or loss as finance costs. Any gain or loss not recognized at the date of sale of the non-current asset should be recognized at the date of derecognition.

Thus, considering the financial statements of the Group, we can distinguish the following points related to the disposal of non-current assets that were accounted for as held for sale. In the case of the PIK Group of Companies, the company decides not to re-qualify the asset from held for sale into an ordinary asset, but to complete the process for which it was acquired - to sell it. We know from the Group's 2019 financial statements that the company acquired 17 companies in December 2019 for the special purpose of resale. Therefore, already in December 2019, the Group sold the assets and wrote them off at the value at which they were valued: Net Relisable Value. Nevertheless, in order to write off an asset held for sale from your account, you need to consider several points:

1. The asset must have already been measured and recognized as held for sale in the company's statement of financial position or in the notes. As can be seen in the consolidated report of the PIK Group of Companies for 2019, the Assets held for sale were reflected in Note number 8 "Acquisition of subsidiaries, associates and repurchase of non-controlling interests", specifically in paragraph 8.a "Acquisitions of subsidiaries in 2019". This part described the steps for recognizing these assets as held for sale, as well as the method of measuring its value as the difference between fair value and costs of its sale, which, as indicated in the statements, were known at the date of the acquisition of the companies, was also reflected the effect of the purchase of subsidiaries in the form of a table for 2019, which includes information on assets held for sale.

2. It is necessary to conclude an agreement with the company or companies that were found as a result of active actions of the company holding the asset to find buyers, on the sale of these assets. The PIK Group of Companies reports that 17 companies held for sale were sold in December 2019, i.e., a sale was made.
3. As a result of the sale of companies, it is necessary to write off these assets from the company's balance sheet.

This information can also be found in the 2019 PIK Group Consolidated Statements in Note 9 Disposal of Subsidiaries, where a table is presented showing all assets and liabilities that were sold as a result of the sale of subsidiaries, as well as the disposal of assets held for sale by a separate string.

Also looking at the Group's financial statements from 2015 to 2019, we can observe the process of recognition and disposal of long-term assets that were acquired specifically for sale only in 2019. Therefore, we will only work with the financial statements of 2019. In the second half of 2019, PIK Group, together with its controlling shareholder, entered into several joint agreements with a third party to purchase a company that provides maintenance and management of apartment buildings (“PIK Comfort”).

As a result of this transaction, 99.9% of the shares in the head office and subsidiaries of this business came under the control of PIK Group. An additional part of the transaction was an agreement for the purchase and subsequent sale of 17 companies operating in the housing and utilities sector in December 2019. These 17 companies were acquired solely for further resale and were included in the financial statements as assets held for sale. The total acquisition cost of all assets and companies, as a result, amounted to RR 3,779 million. The payment was divided into two parts: a part in the form of RUB 2,006 million was paid using cash, the remaining part in the amount of RUB 1 million 773 thousand was paid using the existing receivables of PIK Group, which arose as a result of the withdrawal of some of the companies from the capital of the Group in 2017, which in 2019 again became part of the PIK Group.

## **5. Discussion**

It should be noted that PIK-Comfort is the largest company that manages housing and communal services throughout Russia. The company currently serves 50,000,000 square meters of housing owned by 3,000,000 residents in 18 regions of Russia. The company also strives to make life easier for residents in all areas: from complete turnkey renovations to home insurance. The company is actively digitalizing its services, introduced its own application that makes it easier to communicate with residents, as well as simplifies quality control of the services provided. Initially, this company belonged to the PIK Group of Companies, but in 2017 it left the capital (Leventis, 2011; Egorova, 2020). However, at the end of 2019, as indicated above, the company was again acquired by the PIK Group of Companies. In general, from the date of acquisition of the companies to the end of 2019, there was an increase in revenue and profit of PIK by RUB 10,882 million and RUB 951 million, which was the result of a business combination agreement.

However, considering an alternative situation where the transaction would have taken place on 1 January 2019, the Group's management estimates the possible increase in revenue and profit from the business merger would be RR 19 893 million and RR 1,386 million, respectively. This estimate assumes that all value adjustments made on the actual date of purchase would have been made on January 1, 2019. To better understand the process, let's look at a table showing the effect of buying subsidiaries (Table 2).



**Table 2.** Effect of purchase of subsidiaries for PIK group

Mln rubles	Total	Operation of apartment buildings	Service for renting apartments
Non-current assets	739	738	1
Intangible assets	11124	10 742	382
Deferred tax assets	318	318	-
Inventories	194	188	6
Other investments	178	178	-
Accounts receivable	11859	11806	53
Cash and cash equivalents	899	721	178
Assets held for sale	2911	2911	-
Deferred tax liabilities	(2093)	(2029)	(64)
Loans and borrowings	(2822)	(2822)	-
Accounts payable	(13893)	(13880)	(13)
Provisions	(285)	(285)	-
<b>Net identifiable assets, liabilities and contingent liabilities</b>	<b>9129</b>	<b>8586</b>	<b>543</b>
Income from bargain acquisitions of subsidiaries	(4719)	(4719)	-
Non-controlling interest	(271)	(88)	(183)
<b>Total amount of remuneration</b>	<b>4139</b>	<b>3779</b>	<b>360</b>
Offset with receivables; investments in past periods	1803	1773	30
Remuneration paid	2336	2006	330
Cash purchased	(899)	(721)	(178)
<b>Acquisitions of subsidiaries less purchased funds</b>	<b>1437</b>	<b>1285</b>	<b>152</b>

Source: prepared by the authors

RBC Novosti (2017) <https://www.rbc.ru/rbcfreenews/594240b69a794714674276d3>

In this table, the effect of the acquisition is divided into 2 parts: 1 part shows the effect of the purchase of companies engaged in servicing apartment buildings, and part 2 shows the result of the acquisition of companies that provide housing rental services. The main income and expenses can be observed in column 1, showing the result of the purchase of companies that operate houses. It is in this part that you can also notice the assets that are intended for sale (Mohammadrezaei, 2015; Zvenov, 2018; Rahman and Bobkova, 2017). For the purchase of these subsidiaries, the PIK Group of Companies paid 4139 million rubles in two ways: since these companies were already part of the PIK Group of Companies, they had obligations to the PIK Group, and now PIK has offset this debt of 1803 million rubles and wrote off to the payment of companies, and payments for subsidiaries were made in the form of a transfer of funds in the amount of 2,336 million rubles. Thus, the PIK Group of Companies received income from the purchase of subsidiaries in the amount of RUB 4,719 million (Voronova et al., 2020).

The acquired companies included 17 companies that PIK Group initially wanted to sell. These companies were measured at their fair values at the time of the acquisition of the companies (i.e. the selling prices of the companies minus the costs to sell them, which PIK knew at the time of acquisition) and are presented in the table as assets held for sale in the amount of RUB 2,911 million. Since these companies were intended for sale, the company had to actively seek a buyer in order to sell these assets in less than a year. These companies were acquired in December 2019 and, as a result of December 31, 2019, they were already written off from the company's accounts as assets held for sale, and the company received income from the sale of these subsidiaries in the amount of RUB 2,911 million as previously calculated.

## Conclusions

Ultimately, however, after considering the theoretical aspects of IFRS 5 on assets that are intended for sale, as well as the recognition and disposal of such assets using the example of the PIK Group of Companies, the following conclusions can be drawn:

1. Since the company follows IFRS reporting standards in the preparation and accounting of the company's financial position, this international format allows the company to reach a higher level than just the Russian market, which the company did earlier, having issued its shares on the London Stock Exchange in 2007, attracting at that time, \$ 1.93 billion by issuing 77.2 million shares, 50.1 million of which was a placement of GDRs. Raising about \$ 2 billion amounted to about 16% of the company's total capital. The initial public offering of PIK Group shares on the Moscow Exchange took place in June 2013. At that time, the company issued 167.2 million securities, which made it possible to attract about 10.45 billion rubles. Based on this, it was possible to estimate the company's market capitalization for 2017, which amounted to about 202.4 billion rubles. However, in 2017, the company decided to leave the London Stock Exchange due to the consistently low trading volumes on this exchange, while the difference between the prices of GDRs on the London and ordinary shares of the firm on the Moscow stock exchanges was significant. The PIK Group of Companies also took into account the fact that the main shareholders are people who invest in the company's shares on the Moscow Exchange, that is, the company considered it irrational to pay additional commissions to maintain a listing on the London Stock Exchange.
2. Since in IFRS 5, which describes assets held for sale, there is no exact indication of where these assets should be reflected, there are only recommendations on this issue: either reflect in the statement of financial position of the company, or in notes, the company in question can reflect the data assets in the place where it will be more convenient for her. Thus, the PIK Group of Companies discloses information on assets that are intended for sale in notes, together with the reflection of information on the purchase of subsidiaries: note 8. Acquisition of subsidiaries, associates and redemption of non-controlling interests (a) Acquisitions of subsidiaries in 2019 – «Acquisition of companies providing maintenance and management of apartment buildings».
3. Disposals of assets held for sale should also be reflected in the company's financial statements. This item can also be found in the PIK Group's Consolidated Financial Statements for 2019 in the Notes in section 9. "Disposal of Subsidiaries". This note contains very brief information about the disposal of subsidiaries: about assets and liabilities, as well as gains or losses from the sale of these companies, as well as a separate line discloses information about the disposal of assets held for sale. Based on the above, I would like to write the following recommendations regarding the reflection of assets held for sale in the statements of PIK Group.

The first recommendation relates rather to the rules for the recognition of assets held for sale in accordance with IFRS in the financial statements of the company. Since this standard (IFRS 5) does not specify the exact place where it is possible to find assets held for sale, this makes it difficult to search in the statements and work with these assets. This can be especially difficult for people who are not familiar with all IFRS standards literally. Therefore, it would be more convenient to indicate a more precise position for this type of asset. Using the financial statements of PIK Group as an example, information on assets held for sale is reflected in the notes on the acquisition and disposal of subsidiaries, which is quite logical and convenient.

In PIK's notes on the acquisition of subsidiaries, we may find information about assets held for sale, but this information is mentioned in the general context of acquisitions of other companies, which makes it difficult to understand the recognition of assets held for sale. Based on the rules for recognizing this type of assets under IFRS 5, we would recommend separating information about assets held for sale in a separate paragraph or even a separate note and gradually and in a structured way describe the information about them, which is required under IFRS 5. For example, we would like to see information in the company's financial statements about the date of purchase of these assets, the time during which the asset is projected to be sold, the plan for sale, which should be in accordance with IFRS 5.

Concerning disposal of assets held for sale, we would also like to see more information in the Company Notes. At the moment, in the company's reporting, you can see only one line about the disposal of assets held for sale. It would be more informative if the company added to its reporting information about the estimated costs of selling the company, which at the moment says only: "costs of selling, information about which was known at the date of acquisition", which is not enough. The company could also add information about the date of sale of these assets and the party to whom they were sold. Since it is not possible to find this information in other sources (on the PIK Group website, news pages of newspapers, open sources of the Internet), if it is not confidential information.

Today it is very important to have and apply certain standards, especially for the formation of the company's financial statements. Nowadays, more and more countries and companies in the world are striving to use a single standard to facilitate understanding and accounting of the activities of firms in the world. For example, in Russia from January 1, 2020, amendments entered into clause 10.1 of PBU 16/02 "Information on discontinued operations", which bring Russian accounting standards to IFRS 5 on the definition, recognition and disposal of non-current assets held for sale. In turn, some Russian companies keep their accounts either according to two standards: PBU and IFRS, or, like the PIK Group of Companies, apply IFRS standards in the preparation of their financial statements. As this article was written, standards for the recognition and disposal of non-current assets held for sale were developed and presented. Brief information about the PIK Group of Companies was presented. Also, an assessment was made of the economic situation of the PIK Group. Based on these calculations, conclusions were drawn about a fairly good financial position of the company, but with a significant drawdown in 2017. Recognition and disposal of PIK's long-term assets based on its financial statements were reviewed and recommendations were presented as a result.

In our recommendations for the reflection of long-term assets held for sale by the PIK group, it was proposed to add the necessary information to the financial statements of the company, in particular to the Notes, since these assets are reflected there, since, based on IFRS 5 standards, the company needs to take into account the period of sale of the asset, actions to find a buyer, plan of sale, date of sale, etc. While the Notes of the PIK Group do not contain all the information for a better understanding of the users of these statements and potential investors. Thus, having considered the main points of IFRS 5 using the example of long-term assets held for sale by PIK Group in 2019, the main provisions of this standard were structured and simplified to better understand and simplify it for stakeholders, including students.

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