

SCOPE		RECOGNITION AND INITIAL MEASUREMENT		
Applies to: <ul style="list-style-type: none"> Investment property (IP) = land or building/part of a building/or both – held by owner/lessee under finance lease to earn rentals for capital appreciation or both. <ul style="list-style-type: none"> Generates largely independent cash flows. Can account for parts of a building separately as IP or PPE if can be sold/leased separately. If not → IP ONLY if insignificant portion is owner-occupied. Ancillary services (e.g. provision of security/maintenance to lessees) must be insignificant in relation to arrangement as a whole. Develop criteria to exercise consistent judgment of whether properties qualify as IP – when classification is difficult → disclosure of criteria required. 		Recognize and measure initially as an asset (@ cost) if: <ul style="list-style-type: none"> Probable future economic benefits will flow to entity AND cost reliably measurable. Cost = <ul style="list-style-type: none"> Purchase price (cash price equivalent if deferred payment) plus directly attributable costs (e.g. professional/legal fees, transfer taxes etc). <ul style="list-style-type: none"> Includes transaction costs. Excludes repairs and maintenance, start up costs, operating losses, abnormal waste of material, labour, etc. Non monetary exchanges – cost measured @ FV UNLESS transaction has no commercial substance/FV of assets received/given up not reliably measurable (see IAS 40.27-29 for more guidance). Initial cost of a property interest held under a lease and classified as an investment property → account as finance lease (i.e., asset recognized @ the lower of the FV and PV of the minimum lease payments with equivalent liability (see IAS 17)). 		
Property interest held by lessee under an operating lease MAY be classified & accounted for as IP if definition of IP is met, it is accounted for as if it were a finance lease (see IAS 17) AND the lessee uses FV model.		Does not apply to: <ul style="list-style-type: none"> Biological assets (IAS 41 & IAS 16). Mineral rights and reserves. Property that is not IP. 		
E.g. <ul style="list-style-type: none"> Land held for long-term capital appreciation, rather than short-term sale in ordinary course of business OR a currently undetermined future use. Building owned by entity or held under finance lease and leased out under one or more operating leases OR vacant but held to be leased out under one or more operating leases. Property being constructed or developed for future use as IP. Where property of a subsidiary is leased to and occupied by its parent or another subsidiary of the parent → the property qualifies as IP in subsidiary's individual F/S; however, DOES NOT qualify as IP in the consolidated F/S. 		Property intended for sale in ordinary course of business OR in the process of construction or development for such sale (acquired exclusively for subsequent disposal – see IAS 2). <ul style="list-style-type: none"> Property being constructed or developed on behalf of third parties (see IAS 11). Owner-occupied property (used in production/supply of goods/services/administrative purposes - see IAS 16), including property held for future use as owner-occupied property, held for future development and subsequent use as owner-occupied property, occupied by employees (whether or not the employees pay rent @ market rates), and owner-occupied property awaiting disposal. Property that is leased to another entity under a finance lease. 		
DISPOSALS		TRANSFERS TO/FROM IP (ONLY WHEN CHANGE IN USE)		
Derecognize carrying amount (CA) on disposal OR when permanently withdrawn from use and no future economic benefits expected from disposal. <ul style="list-style-type: none"> Must also derecognize replacement parts. <ul style="list-style-type: none"> Apply IAS 18 criteria to determine disposal date if sale, or IAS 17 if finance lease/sale and leaseback. Gain/loss = difference between net disposal proceeds and CA. <ul style="list-style-type: none"> Recognized in P/L when derecognized (unless sale and leaseback – see IAS 17). Consideration recognized @ FV (may be cash equivalent with deferred interest income). Compensation from third parties for IP that was impaired/lost/given up → recognized in P/L when receivable. 		Choose either (apply to all IP):		
		Cost model: Carried @ cost LESS accumulated depreciation & impairment in terms of IAS 16. <ul style="list-style-type: none"> Disclose FV. 		
		FV model: Measure @ FV with changes in FV recognized in P/L. <ul style="list-style-type: none"> See IAS 40.40-52 for additional guidance on the FV model. 		
		<ul style="list-style-type: none"> Rebuttable presumption that FV can be reliably measured on continuing basis. If NOT (e.g. market for comparable properties is inactive and alternative reliable measurements of FV not available) → use cost model in IAS 16 (residual value assumed to be zero). If FV of IP under construction NOT reliably measurable until complete → measure @ cost until earliest of: FV becoming reliably measurable or construction complete. 		
		If cost model used, transfers between IP, owner-occupied property or inventory: <ul style="list-style-type: none"> DO NOT change the CA or cost of property for measurement/disclosure purposes. 		
		If FV model used, transfers from IP to owner-occupied property OR inventory: <ul style="list-style-type: none"> Commencement of owner-occupation/development for sale → deemed cost for subsequent accounting = FV @ date of change in use (redevelopment for continued future use as IP ≠ change in use). 		
		Transfers from owner-occupied property to IP @ FV: <ul style="list-style-type: none"> End of owner-occupation. Apply IAS 16 up until date of change. Difference between CA & FV → treat as revaluation per IAS 16. 	Transfers from inventory to IP @ FV: <ul style="list-style-type: none"> Commencement of operating lease to another party. Difference between CA & FV → recognize in P/L. 	Completion of self-constructed IP @ FV: <ul style="list-style-type: none"> Difference between CA & FV → recognize in P/L.