IAS 40 Investment Property



disclosure of investment property. Independent of the other assets held by an entity. This distinguishes investment property from owner-occupied property. The production supply for administrative purposes generates cash flows that are attributable not only to property, but also to other assets used in the production or supply process. Investment property is property can be obtained assets related to agricultural activity, and the other assets used in the production or supply process. IFRS 16 Leases applies to owner-occupied property and IFRS 16 Leases applies to owner-occupied property, the offer assets used in the production or supply process. Investment property is property land or a building - or path of building - or both) held (by the owner or by the lesses as a right-of-use asset. The following are examples of investment property: a. use in the ordinary course of business. Indel do for long-term capital appreciation rather than for shorter the ordinary course of business. Indel do for long-term capital appreciation rather than for shorter the ordinary course of business. a. use in the ordinary course of business. Indel do for long-term capital appreciation rather than for shorter the ordinary course of business. Indel do for long-term capital appreciation rather than for shorter the ordinary course of business. Indel do for long-term capital appreciation rather than for shorter the ordinary course of busines. Indel do for long-term capital appreciation rather than for shorter term relation of administrative purposes, or a anight of use asset. Indel do for long-term capital appreciation or torder in the order and shorter term capital apprecinterm coregreating leases. Indel do for						
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 building – or both held (by the owner or by the lessee as a right-of-use asset to earn rentals or for capital appreciation or both, rather than for: a. land held for long-term capital appreciation rather than for short, rather than for: a. use in the production or supply of goods or services or for administrative purposes, or b. sale in the ordinary course of business. Owner-occupied property is property held (by the owner or by the lessee as a right-of-use asset for the use in the production or supply of goods or services or for administrative purposes, or a. and held for a currently undertermined future use. c. a building due by the entity (or a right-of-use asset relating to a building held by the entity) and leased out under one or more operating leases. d. abuilding that is vacant but is held to be leased out under one or more operating leases. property that is leased to another entity under a finance lease. property that is leased to another entity under a finance lease. property shall be recognized as an asset when: a. In the cost of a purchased investment property will flow to the entity, and b. the cost of the investment troperty, will flow to the entity, and b. the cost of the investment property will flow to the entity, and b. the cost of the investment roperty at initibal expenditures are professional fees for legal services, and with the investment property undiffication and y directly attributable expenditures are professional fees for legal services, and with the cost of the investment roperty at any directly attributable expenditure, the appreciation cost with IRS 5 16 if it expenditures are professional fees for legal services, and with IAS	DEFINITIONS		Examples			
Recognition Measurement An owned investment property shall be recognized as an asset when: it is probable that the future economic benefits that are associated with the investment property comprises its purchased investment, will flow to the entity, and the cost of the investment can be the cost of the investment can be An entity shall choose as its accounting policy either the fair value model or the cost model and shall apply that policy to all of its investment property shall be measured initially at cost. Transaction costs shall be included in the initial measure investment. The cost of a purchased investment property comprises its purchase price and any directly attributable expenditures are professional fees for legal services, and the investment can be the cost of the investment can be <lithe cost="" in<="" of="" td="" the=""><td colspan="2"> building – or both) held (by the owner or by the lessee as a right-of-use asset) to earn rentals or for capital appreciation or both, rather than for: a. use in the production or supply of goods or services or for administrative purposes, or b. sale in the ordinary course of business. Owner-occupied property is property held (by the owner or by the lessee as a right-of-use asset) for the use in the production or supply of goods or services or supply of goods or services or for administrative purposes. </td><td> a. land held for long-term capital appraterm sale in the ordinary course of b b. land held for a currently undetermin c. a building owned by the entity (or a building held by the entity) and lease operating leases. d. a building that is vacant but is held t more operating leases. e. property that is being constructed o </td><td>eciation rather than for short- usiness. ed future use. right-of-use asset relating to a ed out under one or more to be leased out under one or</td><td> a. property that is intended for sale in the ordinary course of business. b. owner-occupied property including property held for future use as owner-occupied property, property held for future development and subsequent use as owner-occupied property, property occupied by employees, and owner-occupied property awaiting disposal. c. property that is leased to another entity under a finance </td></lithe>	 building – or both) held (by the owner or by the lessee as a right-of-use asset) to earn rentals or for capital appreciation or both, rather than for: a. use in the production or supply of goods or services or for administrative purposes, or b. sale in the ordinary course of business. Owner-occupied property is property held (by the owner or by the lessee as a right-of-use asset) for the use in the production or supply of goods or services or supply of goods or services or for administrative purposes. 		 a. land held for long-term capital appraterm sale in the ordinary course of b b. land held for a currently undetermin c. a building owned by the entity (or a building held by the entity) and lease operating leases. d. a building that is vacant but is held t more operating leases. e. property that is being constructed o 	eciation rather than for short- usiness. ed future use. right-of-use asset relating to a ed out under one or more to be leased out under one or	 a. property that is intended for sale in the ordinary course of business. b. owner-occupied property including property held for future use as owner-occupied property, property held for future development and subsequent use as owner-occupied property, property occupied by employees, and owner-occupied property awaiting disposal. c. property that is leased to another entity under a finance 	
An owned investment property shall be recognized as an asset when: • An owned investment property shall be measured initially at cost. property. a. it is probable that the future economic benefits that are associated with the investment property will flow to the entity, and • An entity that chooses the cost model shall measure investment property (i) in accordance with IFRS 5 if it meas price and any directly attributable expenditure. Examples of directly attributable expenditures are professional fees for legal services, An entity that chooses the cost model shall measure investment property (i) in accordance with IFRS 5 if it meas sale, (ii) in accordance with IFRS 16 if it is held by a lessee as a right-of-use asset and is not held for sale in accordance with IFRS 5, and (iii) in accordance with I	RECOGNITION AND INITIAL MEASUREMENT		MEASUREMENT AFTER RECOGNITION			
 shall be measured initially at cost. shall be measured initially at cost. shall be measured initially at cost. it is probable that the future economic benefits that are associated with the investment property will flow to the entity, and the cost of the investment can be investment can be investment can be the cost of the investment property under construction for whi	5		property			
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model in all other cases. measure the property at fair value until disposal.			shall measure investment property (i) in accordance with IFRS 5 if it meets the criteria to be classified as held for sale, (ii) in accordance with IFRS 16 if it is held by a lessee as a right-of-use asset and is not held for sale in accordance with IFRS 5, and (iii) in accordance with IAS 16 for the cost	 There is a rebuttable presumption that the entity can reliably measure the fair value of an investment property on a continuing basis. However, in exceptional circumstances, if the fair value of an investment property (other than an investment property under construction) is not reliably measurable, the entity should measure that investment property at cost. Investment property under construction for which fair value is not reliably measurable can be recognized at cost until construction is completed. If an entity has previously measured an investment property at fair value, it shall continue to 		
TRANSFERS			TRANSFER			

An entity shall transfer a property to, or from, investment property when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of an investment property and there is evidence of a change in use.

- For a transfer from investment property carried at fair value to owner-occupied property or inventories, the property's deemed cost for subsequent accounting shall be its fair value at the date of change in use.
- If an owner-occupied property becomes an investment property that will be carried at fair value, an entity shall apply IAS 16 for owned property and IFRS 16 for property held by a lessee as a right-of-use asset up to the date of change in use. The entity shall treat any difference at that date between the carrying amount of the property in accordance with IAS 16 or IFRS 16 and its fair value in the same way as a revaluation in accordance with IAS 16.
- For a transfer from inventories to investment property that will be carried at fair value, any difference between the fair value of the property at that date and its previous carrying amount shall be recognized in P/L.
- When an entity completes construction on an investment property that will be carried at fair value the difference from its carrying value is recognized in P/L.

This communication contains a general overview of the topic and is current as of June 15, 2021. This information is not a substitute for professional advice and we recommend that any decisions you take about the application or not of any of the information presented be made in consultation with a qualified professional. Contact your local MNP representative for customized assistance with the application of this material. MNP LLP accepts no responsibility or liability for any loss related to any person's use of or reliance upon this material. © MNP LLP 2021. All rights reserved.

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DISPOSALS

- An investment property shall be derecognized (eliminated from the statement of financial position) on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal.
- Gains or losses arising from the retirement or disposal of investment property shall be determined as the difference between the net disposal proceeds and the carrying amount of the asset and shall be recognized in P/L (unless IFRS 16 requires otherwise on a sale and leaseback) in the period of the retirement or disposal.
- Compensation from third parties for investment property that was impaired, lost or given up shall be recognized in P/L when the compensation becomes receivable.

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