

**Lecture # 1****Lecture # 72 (Over All)****Concept Discussed**

Started discussion of investment property (IAS-40).

**Class work**

1. Discussed Cash flow PP#6 (Rehan);
2. Solved QB#1(Victoria).

**Home Work**

1. Cash flow PP#9;
2. Investment property QB#1.

**Lecture # 2****Lecture # 73 (Over All)****Concept Discussed**

1. Initial and subsequent measurement and cost determination of investment property;
2. Transfer to / from investment property.

**Home Work**

1. Reading of Notes from Rise Book (excluding disclosure requirements);
2. Practice Question# 2, 3, 4.

**Lecture # 3****Lecture # 74 (Over All)****Concept Discussed**

1. Partly occupied Building;
2. Fair value model selection and its exceptions;
3. Gain/Loss on disposal of investment property.

**Class work**

1. Example#1 on page 779.
2. Solved Question 3 from following questions:

**Question 1:**

Fantastic Limited had its head office located in Islamabad. During an “earthquake” on 30 June 20X5, a building nearby, which it was renting to Unfortunate Limited, was destroyed. As Unfortunate Limited was a valued customer, Fantastic Limited decided to lease 80% of the head office to them as a ‘replacement’:

- The head office was purchased on the 1 January 20X5 for Rs 600 000 (total useful life: 10 years)
- On the 30 June 20X5, the fair value of the head office was Rs. 800 000. There was no change in fair value at 31 December 20X5.

Fantastic Ltd uses:

- the fair value model to measure its Investment Property; and
- the cost model to measure its property, plant and equipment.

**Required:** Provide the journal entries in the books of Fantastic Ltd for the year ended 31 December 20X5. (Use a single account to record movements in the head office’s carrying amount. Ignore tax.)

**Question 2:**

Marvelous Limited constructed a building that it intended to lease out to earn rentals. Construction was completed on the 28 February 20X5 when the fair value was Rs. 250 million. The total cost of construction to Marvelous Limited was Rs. 45 million, of which Rs. 25 million, being the final costs to complete construction (all other costs having been incurred in 20X4), were incurred on the 28 February 20X5. Marvelous Limited uses the fair value model to measure its Investment Property

**Required:** Provide the journal entries for the year ended 31 December 20X5.

**Question 3:**

Super Limited owned and leased out a building in Lahore, which was correctly classified as an investment property on 31 December 20X4.

Due to an earthquake the head office of Super Limited was destroyed, with the result that Super Ltd had to relocate its head office into Building previously rented out. The tenants of this building were forced to move out as of 30 June 20X5.

The fair value of the building on 31 December 20X4 was Rs. 200 000.

On the 30 June 20X5 the buildings fair value was Rs. 260 000 and had a remaining useful life of 10 years.

**Required:**

Provide the journal entries in Super Limited's records for the year ended 31 December 20X5.

**Home Work**

1. Reading of Notes from Rise Book (excluding disclosure requirements);
2. Practice Questions # 3; 4.
3. Class assignment # 1; 2.