

The accounting treatment of investment properties is prescribed by IAS 40 Investment Property.

Required:

(i) Define investment property under IAS 40 and explain why its accounting treatment is different from that of owner-occupied property;

(ii) Explain how the treatment of an investment property carried under the fair value model differs from an owner-occupied property carried under the revaluation model.

The following mark allocation is provided as guidance for this requirement:

(i) 3 marks

(ii) 2 marks