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**International  
Accounting Standards  
Board**

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*Note: The observer note is based on the staff paper prepared for the IFRIC. Paragraph numbers correspond to paragraph numbers used in the IFRIC paper. However, because the observer note is less detailed, some paragraph numbers are not used.*

### **INFORMATION FOR OBSERVERS**

**IFRIC meeting:** 2 November 2006, London

**Project:** Review of published tentative agenda decisions

**Subject:** **IAS 16 Property, Plant and Equipment - Revaluation of investment properties under construction (Agenda Paper 7(x))**

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#### **Tentative agenda decision published in July-2006 IFRIC Update**

The IFRIC discussed whether to take on a project to consider whether the revaluation model in IAS 16 is available for investment property under construction.

The IFRIC noted that since IAS 40 was written, the use of fair values in accounting has become more widespread. At the same time, valuation techniques have become more robust. The IFRIC therefore considered that the requirement that investment property under construction be accounted for under IAS 16 may no longer be necessary, and agreed to ask the Board whether it would consider amending IAS 40 to state that investment property under construction should be accounted for under that Standard.

The IFRIC noted that whilst the Basis for Conclusions to IAS 40 implies that investment property under construction may not be revalued, IAS 16 does not preclude accounting for such property using the revaluation model. The IFRIC considered that there may be practical issues in practice in applying the IAS 16 model to investment property under construction.

The IFRIC deferred its discussion on these potential issues, and on whether to take the issue onto its agenda until it received the results of its request to the Board on the subject.