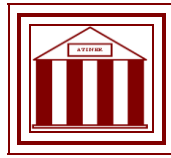


**Athens Institute for Education and Research
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ACC2015-1808**

**Quality Disclosure of Fair Value in the Financial
Statements for Investment Property**

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Quality Disclosure of Fair Value in the Financial Statements for Investment Property

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Abstract

This study's objective is to identify how economic entities which apply IFRS present in the financial statements the information regarding the calculation of fair value for investment property. In order to realize this objective, three hypotheses were established: Listed companies applying IFRS prefer the cost model for investment property measurement (H1); Listed companies applying IFRS present detailed information regarding the methods used to calculate fair value of investment property (H2); Listed companies applying IFRS present more information regarding the calculation of fair value for investment property in the financial statements from a financial year to another (H3). For testing the hypotheses the financial statements for nine entities listed on the London Stock Exchange, which present investment properties in balance sheet, both for 2009 and 2010 financial year, were analyzed. The results of the study confirmed the first hypothesis for entities not operating in the financial sector, while the second and third hypotheses have been invalidated.

Keywords: fair value, investment property, financial statements, Stock Exchange

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Introduction

Accounting is a technique, or in its contemporary dynamic, a technoscience which continuously evolves. The double entry method, a basic method of accounting techniques originates from the Middle Ages. But the first book that was written about the double entry appeared in the year 1340 and belongs to Massari of Genoa (Riahi-Belkaoui, 2004), preceding Luca Pacioli's book by about 150 years. As the accounting technique was described about 700 years ago, the accounting valuation problems also exist from ancient times. This is because one of the most complicated problems faced by the accounting was related to establishing the valuation base for the components of financial statements in order to ensure credibility and relevance to the information provided. In accounting theory and practice there have been proposed several measurement bases of which the oldest is the historical cost and the newest the fair value which tends to be used for a growing number of assets in the IFRS standards.

Accounting at historical costs was developed in the XIX century as a result of the industrial revolution but has its origins in the XV century when it was used for the first time in the textile factories. Gradually the prudence principle begins to be introduced in accounting in such way that, in our days, we cannot talk about accounting at historical costs without bringing it into discussion. Savary is one of the first authors that introduced aspects in accounting that are related to applying the prudence principle. So, in its book *Le Parfait négociant* published in 1675, Savary recommends to make an annual inventory for the entities and suggests that the stocks should not be evaluated to a value greater than their real value. The author also recommends that entities should take into account all engaged costs and all debts (Colasse, 2005). The prudence principle requires registering in accounting all potential value decreases and prohibits the registration in accounting of latent pluses of value related to assets. This way, the assets remain registered at a historical cost if there is an increase in their value; otherwise, the assets are valued at an inventory value, according to the Romanian regulations or at a recoverable value or net realizable value according to IFRS standards.

As Gelard (2005) notes, the historical cost leads to a negative view of the entity because, by applying the prudence principle, only the potential losses can be recognized for the assets and never the gains. Therefore the historic costs accounting does not anticipate all entity's profits, but anticipates all losses. Instead, valuation at fair value allows the recognition in accounting both of potential losses and potential gains. Jianu (2009, p. 96), following the study on the impact of the use of fair value, in measuring the assets, under IFRS, found that:

"Most of the assets must be measured at fair value (available for sale financial assets and assets held for trading which are assessed at fair value; non current assets held for sale, biological assets and agricultural production are assessed at fair value less the transaction costs) or, they

can be measured at fair value, if the entity chooses for this accounting treatment (which is considered the basic treatment for investment properties, alternative treatment for exploration and evaluation assets, alternative treatment for tangible and intangible assets)".

Fair value is a consequence of the *true and fair view* principle. This principle was defined for the first time in 1947 in the *Companies Act* from the United Kingdom (Ristea et al., 2006). The *true and fair view* principle has replaced the syntax *true and correct view*, which was introduced for the first time in the *Companies Act* in 1900, under the form of obligating the entities to prepare a balance sheet that offers a “fair and correct” image of the entity’s situation. In the United Kingdom the obligation to present in the financial statements “a true and fair view” prevails over complying with any other regulation. IASB introduced fair value as a measurement basis, for the first time in 1998, along with the apparition of IAS 32 and IAS 39. But the complexity of valuating the financial tools at fair value had as a consequence, at least at a European level, the failure of applying these standards (IAS 32 and IAS 39) by the European companies (Regulation 1606/2002/CE). Then came the following standards using fair value in valuation: IAS 16 (that replaces the market value used to determine the value of an asset as the result of a reassessment with the fair value), IAS 40, IAS 41 in 2000, IFRS 5 in 2004 and IFRS 6 in 2005.

The United States of America have been champions, in using accounting at historical costs, for many years (Zeff, 2007). However, FASB has been defined for the first time the notion of fair value in 1976, in FAS 13:

„Fair value is the price at which property can be sold in a transaction between parties that are not related”.

In September 2006, FASB revealed clear intentions concerning the use of fair value in accounting by SFAS 157 “Fair value measurements”, which has effect from January 1st, 2008. This regulation has the nature of a guide to help economic entities in calculating fair value where the accounting standards allow it. According to this regulation, fair value is defined as:

“The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date”.

The definition given by FASB has been used in the subsequent discussions held by IASB with the purpose to publish a standard to define the fair value and the methods that can be used to calculate it. IASB project on fair value will become applicable starting January 1, 2013. The application of the IASB project will be prospective. The application prior to this date is recommended with the indication that the entity must disclose this fact. The standard on fair value (IASB, 2011) provides a hierarchy of the fair value, according to the data

used to establish the fair value, structured on three levels (IASB, ED Fair value, art. 45, 51 and 53):

- a) *Level 1 inputs* are quoted prices (unadjusted) in active¹ markets for identical assets or liabilities that the entity can access at the measurement date.
- b) *Level 2 inputs* are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices) including the following:
 - quoted prices for similar assets or liabilities in active markets
 - quoted prices for identical or similar assets or liabilities in markets that are not active
 - inputs other than quoted prices that are observable² for the asset or liability (eg interest rates and yield curves observable at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks and default rates)
 - inputs that are derived principally from or corroborated by observable market data by correlation or other means (market-corroborated inputs).
- c) *Level 3 inputs* are inputs for the asset or liability that are based on unobservable market data³ elaborated using the best available information that can be an entity's own data, adjusted to those participants in the transaction that are different or with the ones owned by the entity that are not available to other participants.

In order to establish a fair value hierarchy the entity must consider *the most accurate valuation techniques*, taking into account the availability of input data that market participants have access to and can use. The valuation techniques recommended by the IASB project to establish fair value contain three main approaches: the market approach, approach by results and costs approach.

The present paper creates a link between the valuation at fair value and the investment properties because the investment properties represent the first category of assets for which IASB has allowed the recognition of both losses and gains from the variation of fair value in the profit and loss account. According to IAS 40, the investment property is the real estate property (a land or a building - or part of a building - or both) held (by the owner or lessee under a finance lease) to rent it or to increase the capital value or both, rather than:

¹The market on which assets and liabilities are traded with sufficient frequency and volume in order to continuously provide information on price.

²The data are independent of the entity that establishes fair value.

³Data are based on the best information available which in the absence of independent market information may include specific information of the entity.

- a) to be used in the production of goods, services or administrative purposes; or
- b) to be sold in the ordinary course of business.

Although the investment properties are defined by IAS 40, not all fall within the scope of this standard. Thus, investment properties that are held to be sold in the ordinary course of business are valued according to IAS 2. Real estate investments that are built, upgraded or used by the owner fall in the scope of IAS 16. Therefore, if the investment properties are:

- ✓ not held to be sold in the ordinary course of business,
- ✓ not used by the owner,
- ✓ not built by the owner,

then they are measured according to IAS 40.

IAS 40 allows the economic entities to choose between two measurement models:

- ✓ A model based on *fair value* according to which the investment properties are measured at fair value and the value variations are recognized in the profit and loss account. If the entity chooses this measurement model, the income, on the assumption of the increase of the asset's value, is recognized before the date of sale. The investment properties are initially measured at their cost. The variations between fair value and accounting value are recognised in the profit and loss account.
- ✓ A model based on *cost* according to which the investment properties are measured at their cost diminished with the depreciation and the eventual impairment losses. If the entity chooses this model it is obligated to present information on the fair value of the investment property.

The investment property represents an item of the financial statements that can be measured at fair value only if the entity chooses this measurement model. If an entity has chosen the model, it is impossible for it to switch to the cost model. In the case of investment property it is the first time when IASB requires measurement at fair value for a non-financial asset. The present paper focuses on the way the economic entities listed at London Stock Exchange (LSE) provide the information required by IAS 40 regarding the calculation of fair value for the investment property.

Research Methodology

To test the extent to which companies listed on Stock Exchange present in the notes to financial statements information on the calculation of fair value for investment property, we used an empirical research by collecting data from the financial statements of the companies listed on LSE. Starting from the premise that a listed entity seeks to avoid the volatility of results, we considered that for the measurement of investment property, these entities will prefer the cost model. We state this because in the case of measurement at fair value, the variations of fair value for the investment property (if chosen the fair value model) are recognized directly in the profit and loss account, which leads to an increased volatility of the result. Therefore the measurement at cost, based on the traditional recognition of the depreciation of the investment property, affects the result by the same amount each year if the entity would have used the straight-line method. Therefore the first hypothesis to be tested in this work is:

H1: *Listed companies applying IFRS prefer the cost model for investment property measurement*

Because the main financial statements (balance sheet, profit and loss account, statement of comprehensive income and cash flow statement) present in a synthetic manner financial information about the economic entity, the notes to financial statements become particularly important when an investor makes a thorough analysis of the economic entity. On the grounds that the listed entities want to be more transparent, the notes to financial statements must disclose detailed information about the items presented in the financial statements in a synthetic manner. The calculation of fair value is significant information for the users of the financial statements, especially knowing how fair value is determined (based on information collected from the market or is the result of internal calculations) and the professional experience of the person who establishes fair value. Thus, IAS 40, article 75 (d) and (e) requires entities that hold investment property (whether the entity applies fair value model or cost model) to provide the following information:

- a. the methods and significant assumptions applied in determining the fair value of investment property, including a statement whether the determination of fair value was supported by market evidence or was more heavily based on other factors (which the entity shall disclose) because of the nature of the property and lack of comparable market data.
- b. the extent to which the fair value of investment property (as measured or disclosed in the financial statements) is based on a valuation by an independent valuer who holds a recognized and relevant professional qualification and has recent experience in the location and category of the investment property being valued. If there has been no such valuation, that fact shall be disclosed.

Therefore the second hypothesis which is based on checking how the entities listed on LSE present the information required by IAS 40, Article 75 (d) and (e) is the following:

H2: *Listed companies applying IFRS present detailed information regarding the methods used to calculate fair value of investment property*

Given on the one hand, the recent developments in the determination of the fair value measurement guidelines in terms of both FASB and IASB standards regarding the fair value, and on the other, starting from the consideration that any entity aims to improve how information is presented in the financial statements, the third hypothesis set in this paper is the following:

H3: *Listed companies applying IFRS present more information regarding the calculation of fair value for investment property in the notes to financial statement from a financial year to another*

For the data collection we have chosen as a sample of 100 economic entities listed on LSE (FTSE 100) which had submitted the annual report on www.orderannualreports.com site, thus obtaining a total of 71 annual reports. Out of the 71 economic entities, 12 entities presented investment property in the balance sheet for the year 2009 and 9 entities presented investment property in the balance sheet for the year 2010. Because we aimed to perform an analysis of the way the calculation manner is presented in the financial statements as a comparison between the financial years 2009 and 2010, we have chosen the 9 entities that present investment property in the balance sheet both for 2009 and 2010 financial years for testing the hypothesis. Data on the value of investment property were collected from the balance sheet and the methods used by the entities to calculate the fair value as well as the qualification of the person who carried out the valuation were collected from the notes to financial statements.

Results and Discussions

As shown in Annex 1, four entities operate in the financial sector, four entities are retailer and one entity is engaged in the development, delivery and support of leading edge aerospace and defense technology and systems. The largest share of investment property in total non-current assets is registered by the economic entities operating in the financial sector, the percentages ranging from 18% to 56%. Thus the investment property, like financial investments, represents for the entities in the financial sector, one of the main investment categories. It is important to note that, as shown in Table 1, the entities operating in the financial sector use the fair value to value the investment property. Instead, retail entities use valuation at cost in the case of investment property. At the same time, given the obvious correlation between the

percentage of investment property in total non-current assets and the measurement model used we can say that the entities whose investment property has a significant value prefer the fair value model, while entities whose investment property has an insignificant value prefer the use of the cost model.

Table 1. *The Share of Investment Property in Total Non-current Assets and Presentation of the Method used for the Valuation of Investment Property*

NO	Entities (mil £)	Investment Property		Noncurrent Assets		Investment Property / Noncurrent Assets		Evaluation Model	
		2009	2010	2009	2010	2009	2010	2009	2010
1	COBHAM	11,3	11,2	1.478,9	1.447,7	1%	1%	COST	COST
2	INVESTEK	273	379,5	745,3	1.252,4	37%	30%	FV	FV
3	KINGFISHER	24	32	6.465	6.508	0,4%	0,5%	COST	COST
4	LLOYDS	4.757	5.997	32.254	32.395	18%	19%	FV	FV
5	MARKS&SPENCER	22,8	16	5.633	5.702,4	0,4%	0,3%	COST	COST
6	MORRISON	229	229	7.666	8011	3%	3%	COST	COST
7	OLD MUTUAL	1.759	2.040	9.333	9.677	19%	21%	FV	FV
8	PRUDENTIAL	10.905	11.247	20.756	19.554	53%	56%	FV	FV
9	TESCO	1.539	1.731	32.008	34.258	5%	5%	COST	COST

Source: Authors' estimations.

For the entities applying the fair value model, all the variation of fair value, both negative and positive, are recognized as expenses or incomes and directly affect the return of the year. For all four entities applying the fair value model, as shown in Table 2, the share of fair value variations in the result of the year is significant, in the year 2010. For two of the four entities the value of the fair value variations exceeded the value of the return of the year.

Table 2. *Influence on the Result in the Case of Entities whose Investment Properties are valued at Fair Value*

NO	Entities (mil £)	2009			2010		
		Δ Fair Value recognised in P&A	Net Income	Δ Fair Value recognised in P&A / Net Income	Δ Fair Value recognised in P&A	Net Income	Δ Fair Value recognised in P&A / Net Income
1	INVESTEK	39,1	346	11%	55	421	13%
2	LLOYDS	(214)	2.953	7%	434	(258)	168%
3	OLD MUTUAL	(54)	(118)	46%	30	(24)	125%
4	PRUDENTIAL	(203)	677	30%	636	1.436	44%

Source: Authors' estimations.

Five of the analyzed entities apply the cost model which involves applying the accounting treatment used for tangible assets measured at cost. However, entities are required to disclose in the notes to financial statements the fair value of investment property. This allowed us to easily obtain the fair value of investment property presented in the balance sheet at cost. In the cost model, the favorable differences between the fair value and the cost of investment property are not recognized. For four of the five analyzed entities, the fair value of the investment property exceeds the cost recognized in the balance sheet. As shown in Table 3, the difference between fair value and the cost of the investment property is significant for all analyzed entities. In addition, for two of the five entities the differences exceed the value at cost of investment property.

Table 3. *The Percentage of Non Recognised Holding Gains for Investment Property Valuated at Cost*

NO	Entities (mil £)	2009				2010			
		Cost Value	Fair Value	Δ Fair Value – Cost Value	Δ (Fair value – Cost Value) / Cost Value	Cost Value	Fair Value	Δ Fair Value – Cost Value	Δ (Fair value – Cost Value) / Cost Value
1	COBHAM	11,3	9,5	-1,8	16%	11,2	10,8	-0,4	4%
2	KINGFISHER	24	52	28	116%	32	71	39	122%
3	MARKS&SPENCER	22,8	24,8	2	9%	16	16	0	0%
4	MORRISON	229	281	52	23%	229	279	50	22%
5	TESCO	1.539	3.196	1.657	108%	1.731	2.800	1.069	62%

Source: Authors' estimations.

Based on the data presented above one can note that five of the nine analyzed entities apply the cost model for investment property. The remaining four entities activate in the financial sector and own investment property whose value is significant in total non-current assets. The results of the study allow us to *validate hypothesis 1* only for the entities that *do not activate in the financial sector*.

To test the second hypothesis we verified the compliance for the analyzed entities of the requirements required by IAS 40 paragraph 75 (d) and (e). Paragraph 75 (d) requires to the entities that hold investment property to present the methods and significant assumptions applied in determining the fair value of investment property, including a statement whether the determination of fair value was supported by market evidence or was more heavily based on other factors (which the entity shall disclose) because of the nature of the property and lack of comparable market data. As shown in Table 4, seven of the nine analyzed entities present the method used to determine the fair value of the investment property held. These methods (as mentioned in the notes to financial statements) are: estimated market prices, capitalizing the budgeted annual net income, open market value, market value, recent market transactions, rentals earned. For five of the analyzed entities, the fair value is determined based on market information while the two entities use internal calculations to determine fair value. These two entities present in a synthetic manner the method used to calculate the fair value based on internal data, as follows:

„The valuation is performed by capitalizing the budgeted annual net income of a property at the market related yield applicable at the time”.

„This fair value has been determined by applying an appropriate rental yield to the rentals earned by the investment property”.

Table 4. Methods and Significant Assumptions Applied in Determining the Fair Value

NO	Entities (mil £)	75D					
		Methods and significant assumptions applied in determining the fair value		Determination of fair value was			
				Supported by market evidence		Based on other factors because of the nature of the property and lack of comparable market data (which the entity shall disclose)	
2009	2010	2009	2010	2009	2010		
1	COBHAM	YES	YES	YES	NO	NO	NO
2	INVESTEC	YES	YES	NO	NO	YES	YES
3	KINGFISHER	YES	YES	YES	YES	NO	NO
4	LLOYDS	YES	YES	YES	YES	NO	NO
5	MARKS&SPENCER	YES	YES	YES	YES	NO	NO
6	MORRISON	n/a	n/a	n/a	n/a	n/a	n/a
7	OLD MUTUAL	YES	YES	YES	YES	NO	NO
8	PRUDENTIAL	n/a	n/a	n/a	n/a	n/a	n/a
9	TESCO	YES	Yes	NO	NO	YES	YES

Source: Authors' estimations.

Paragraph 75 (e) requires to the entities holding investment property to present the extent to which the fair value of investment property (as measured or disclosed in the financial statements) is based on a valuation by an independent valuer who holds a recognized and relevant professional qualification and has recent experience in the location and category of the investment property being valued. If there has been no such valuation, that fact shall be disclosed. Six of the analysed entities are present in the notes of financial statements information about the valuer – whether it is external (independent) or internal. As shown in Table 5, in the year 2009, for four of the analyzed entities the fair value is determined by an independent valuer. One of the four entities has changed its valuer during the year 2010. For this entity the fair value is determined based on the estimations made by the manager. It should be noted that entities that have turned to an independent valuer have also presented in the notes requirements regarding the qualification and experience of the valuer, but in a synthetic manner, as follows:

“...by independent, professionally qualified valuers, who have recent experience in the location and categories of the investment property being valued”

„... by qualified professional valuers working for CB Richard Ellis, Chartered Surveyors, acting in the capacity of external valuers”

„... by a registered independent valuer at least every three years, and annually by locally qualified staff, having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued”.

Table 5. Qualifications and Experience of Evaluators in Determining the Fair Value of Investment Property

N O	Entities	75E					
		The fair value is based on a valuation by an independent valuer or an internal valuer .		The valuer holds a recognised and relevant professional qualification		The valuer has recent experience in the location and category of the investment property being valued	
		2009	2010	2009	2010	2009	2010
1	COBHAM	independent valuer	internal valuer	n/a	n/a	n/a	n/a
2	INVESTEC	internal valuer	internal valuer	YES	n/a	n/a	n/a
3	KINGFISHER	n/a	n/a	n/a	n/a	n/a	n/a
4	LLOYD	independent valuer	independent valuer	YES	YES	YES	YES
5	MARKS&SPENCER	independent valuer	independent valuer	YES	YES	YES	YES
6	MORRISON	n/a	n/a	n/a	n/a	n/a	n/a
7	OLD MUTUAL	independent valuer	independent valuer	YES	YES	YES	YES
8	PRUDENTIAL	n/a	n/a	n/a	n/a	n/a	n/a
9	TESCO	internal valuer	internal valuer	n/a	n/a	n/a	n/a

Source: Authors' estimations.

Because the information presented regarding the methods used for the determination of fair value for investment property are presented synthetically, being strictly limited to the information required by IAS 40, *the second hypothesis cannot be validated*. This is supported by the fact that not all analyzed entities present the information required by IAS 40 in points (d) and (e). Another objective of this study was to test whether economic entities improve over time the way they disclose the information in the financial statements. As shown in Annex 2, none of the examined entities improved the manner of disclosing the information on the methods used for the calculation of the fair value, a "pattern" with stereotyped phrases being repeated from one year to another. Therefore *the third hypothesis is invalidated*.

Conclusions

Fair value is one of the most discussed concepts in accounting theory in the last decade. But the birth of this concept was in Great Britain in 1947 in the Companies Act, being the consequence of the true and fair view principle. In the USA, the fair value was first defined by the American body of elaboration of FASB accounting standards in 1976 in FAS 13. The emergence of the fair value concept in the IFRS standards was done much later, in 1998, with the advent of IAS 32 and IAS 39. Two years later, in 2000, IAS 40 was issued, which allows for the first time in IFRS standards to recognize in the profit and loss account the unrealized gains of non-monetary assets. This study reflected

the way the listed economic entities present in the notes to the financial statements information on the calculation of the fair value of investment property. To achieve the set objective, data were collected from the financial statements of a number of nine entities listed on LSE included in FTSE 100 which was disclosed in the balance sheet information on investment property for two consecutive years. The study results revealed that the listed entities applying IFRS and working in the financial sector prefer the fair value model in the measurement of investment property, while the entities operating in the financial sector prefer the cost model for measurement investment property. Also the economic entities applying IFRS standards do not present detailed information on the methods used to calculate the fair value of investment property, being limited to presenting in a synthetic manner only the requirements of IAS 40 (it is noteworthy that two of the nine analyzed entities did not present the information required by IAS 40 on the methods used to calculate the fair value and three of them did not present the professional qualifications of the valuer). In addition, none of the examined entities show additional information in the notes on the calculation of fair value from one financial year to another.

ANNEX 1

Brief Description Regarding the Main Activities of the Analised Entities

NO	Entities	Entities' description
1	COBHAM	Cobham is an international company engaged in the development, delivery and support of leading edge aerospace and defence technology and systems.
2	INVESTEC	Investec is a distinctive specialist bank and asset manager who is organised as a network comprising six business divisions: asset management, wealth and investment, property activities, private banking, investment banking, capital markets
3	KINGFISHER	Kingfisher is Europe's leading home improvement retailer and the third largest in the world, with nearly 900 stores in 8 countries in Europe and Asia.
4	LLOYDS	Lloyds TSB Group plc was renamed Lloyds Banking Group plc on 19 January 2009, following the acquisition of HBOS plc being the largest retail bank in the UK with strong positions in a number of sectors.
5	MARKS&SPENCER	Marks&Spencer is one of the UK's leading retailers, with over 21 million people visiting their stores each week.
6	MORRISON	Morrison are the UK's fourth largest food retailer with 455 stores.
7	OLD MUTUAL	Old Mutual is a leading international long-term saving, investment and protection Group, powering a portfolio of brands which are trusted by more than 15 million customer.
8	PRUDENTIAL	<i>Prudential plc is an international financial services group with significant operations in Asia, the US and the UK.</i>
9	TESCO	Tesco is one of the world's largest retailers with operations in 14 countries, employing over 492,000 people and serving millions of customers every week.

ANNEX 2

Comparative Analysis

Entities	IS 40, articles 75d and 75e	
	2009	2010
COBHAM	The fair value of the Group's UK investment properties has been assessed to be £9.5m (2008: £10.2m, excluding the property which has been sold during 2009). This is based on estimated market prices provided by external valuers, Vail Williams LLP, as at 31 December 2009 and 31 December 2008. The fair value of the Group's investment property in the US is not considered to be significantly different from its cost at the date of acquisition of US\$8.9m.	The fair value of the Group's UK investment properties has been assessed to be £10.8m (2009: £9.5m). For 2010 this is based on a Directors estimate while for 2009 this is based on estimated market prices provided by external valuers, Vail Williams LLP, as at 31 December 2009. The fair value of the Group's investment property in the USA is assessed to be US\$10.0m (2009: US\$8.9m) based on market data.
INVESTEC	The group values its investment properties twice annually. The properties were valued by directors who are qualified valuers. The valuation is performed by capitalising the budgeted annual net income of a property at the market related yield applicable at the time.	The directors value the group's investment properties twice annually by capitalising the annual net income of a property at the market related yield applicable at the time.
KINGFISHER	A property valuation exercise is performed for internal purposes annually as described in note 14. Note 14: Fair value is taken to be the open market value at the date of valuation.	A property valuation exercise is performed for internal purposes annually as described in note 14. Note 14: Fair value is taken to be the open market value at the date of valuation.
LLOYDS	The investment properties are valued at least annually at open-market value , by independent, professionally qualified valuers, who have recent experience in the location and categories of the investment properties being valued.	The investment properties are valued at least annually at open-market value , by independent, professionally qualified valuers, who have recent experience in the location and categories of the investment properties being valued.
MARKS&SPENCER	The investment properties were valued at £24.8m (last year £23.1m) as at 3 April 2010 by qualified professional valuers working for CB Richard Ellis, Chartered Surveyors, acting in the capacity of external valuers. All such valuers are chartered surveyors, being members of the Royal Institution of Chartered Surveyors (RICS). The properties were valued on the basis of	The investment properties were valued at £16.0m (last year £24.8m) as at 2 April 2011 by qualified professional valuers working for CB Richard Ellis, Chartered Surveyors, acting in the capacity of external valuers. All such valuers are chartered surveyors, being members of the Royal Institution of Chartered Surveyors (RICS). The properties were valued on the basis of

	market value (calculated based on subleases in place at the year end). All valuations were carried out in accordance with the RICS Appraisal and Valuation Standards.	market value (calculated based on subleases in place at the year end). All valuations were carried out in accordance with the RICS Appraisal and Valuation Standards.
MORRISON	-	-
OLD MUTUAL	The carrying amount of investment property is the fair value of the property as determined by a registered independent valuer at least every three years, and annually by locally qualified staff, having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. Fair values are determined having regard to recent market transactions for similar properties in the same location as the Group's investment property. The Group's current lease arrangements, which are entered into on an arm's length basis and which are comparable to those for similar properties in the same location, are taken into account.	The carrying amount of investment property is the fair value of the property as determined by a registered independent valuer at least every three years, and annually by locally qualified staff, having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. Fair values are determined having regard to recent market transactions for similar properties in the same location as the Group's investment property. The Group's current lease arrangements, which are entered into on an arm's length basis and which are comparable to those for similar properties in the same location, are taken into account.
PRUDENTIAL	-	-
TESCO	The estimated fair value of the Group's investment property is £3,196m (2008 – £2,265m). This fair value has been determined by applying an appropriate rental yield to the rentals earned by the investment property. A valuation has not been performed by an independent valuer.	The estimated fair value of the Group's investment property is £2.8bn (2009 – £3.2bn). This fair value has been determined by applying an appropriate rental yield to the rentals earned by the investment property. A valuation has not been performed by an independent valuer.

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