**Tutorial IFRS 13**

EX1-A company owns an asset that is sold in two different but similarly sized markets and each market offers a different price for the asset. The company has entered into transactions in both markets and can obtain prices for the asset in both markets on the measurement date. There is no principal market for the asset. The asset had the following price:

|  |  |  |
| --- | --- | --- |
|  | Market (A) | Market (B) |
| Price | 27 | 25 |
| Transportation costs | (3) | (2) |
|  | 24 | 23 |
| Transaction costs | (3) | (1) |
| **Net estimated value** | **21** | **22** |

**Required**: Identify the most profitable market, and determine the value at which the asset will be measured

EX2- Suppose in the previous exercise that Market A is the principal market for the asset, i.e. the market with the most active and transactional volume for the asset.

**Required**: Determine the fair value of the asset.

EX3- **Application to Non-financial Assets**

Company X acquired land in a business combination, and the land is currently being developed for industrial purposes as a factory site. The current use of the land is assumed to be the best and highest use unless the market or other factors indicate a different use. The adjacent sites have recently been developed for residential use as residential tower sites. The company has determined that the land currently used as a factory site can be developed as a residential tower site because market participants will consider the ability to develop the site for residential purposes when pricing the land.

**Required**: Explain how the land is valued by the best and highest use of the land