

Tutorial IFRS 13

Solution ex1-

Determine the Asset's Measurement Value

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

The most profitable market is the one that yields the highest net amount for the asset after accounting for all costs.

- **Market (A) Net Value:** \$27 (Price) - \$3 (Transportation) - \$3 (Transaction) = \$21
- **Market (B) Net Value:** \$25 (Price) - \$2 (Transportation) - \$1 (Transaction) = \$22

Therefore, Market (B) is the most profitable because it provides a higher net value of \$22 for the asset.

According to IFRS 13, when there is no principal market, the most advantageous market is used to determine the asset's fair value.

- Since Market (B) offers a higher net amount (\$22) compared to Market (A) (\$21), it is the most advantageous market.
Thus, the asset will be measured at \$22, the net amount that would be received in the most advantageous market.

Solution- EX2

The fair value of the asset = **24** dinars, the price is not adjusted by transactions costs, i.e. they are not deducted from the price.

Solution -EX3

The best and highest use of land will be determined by comparing each of the following :

- A- The value of the land when it is currently being developed for industrial purposes (i.e. the land will be used alongside other assets such as a factory or with other assets).
- B- The value of the land as a vacant site for residential purposes, taking into account the costs of demolition of the factory and other costs necessary to convert the land to a vacant site (i.e. the land will be used by market participants on an independent basis)

The best and highest use of the land will be determined based on the highest of these values. In cases involving property valuation, the best and most highest use will take into account factors relating to the operations of the plant including its assets and liabilities..