



MALAYSIAN INSTITUTE
OF ACCOUNTANTS



**MALAYSIAN INSTITUTE OF ACCOUNTANTS
FINANCIAL REPORTING STANDARDS IMPLEMENTATION COMMITTEE
("FRSIC")**

FRSIC Issue No. 62 [2016]

Basis of Allocating Land Cost to Development Projects

The issue:

The issue relates to the determination of the appropriate basis (method) to apportion or assign land cost to different development projects.

Current accounting practice as observed by the Submitter:

The submitter claimed that there are divergent in practice whereby some view that the cost should be allocated based on land area utilised for the development while others view that the cost may be allocated based on gross development value (GDV). Application of the latter, results in higher allocation made to property with higher gross development value, consistent with the matching concept.

Reasons for the FRSIC to address the issue:

FRSIC Consensus will provide guidance to ensure consistency of practices within property development industry.

Submitter's proposal or recommendation to address the issue:

None

Submitted on:

16 May 2016

Corresponding FRSIC Consensus:

Ongoing