LEMBAGA PIAWAIAN PERAKAUNAN MALAYSIA
MALAYSIAN ACCOUNTING STANDARDS BOARD

MASB Standard 32

Property Development Activities

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Property Development Activities

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The standards, which have been set in bold type, should be read in the context of the background material and implementation guidance in this Standard, and in the context of the Foreword to MASB Standards. MASB Standards are not intended to apply to immaterial items.

Objective

The primary issue in accounting for property development activities is the allocation of property development revenue and costs to the accounting periods in which the property development activities are performed. The objective of this Standard is to prescribe the accounting treatment for revenue and costs associated with property development activities. A secondary issue is the classification of land held for future development by property development entities. This Standard uses the recognition criteria established in the MASB's A Proposed Framework for the Preparation and Presentation of Financial Statements to determine when revenue and related expenses, and hence, profit from property development activities shall be recognised in the income statements. The Standard provides guidance on the application of these criteria.

Scope

1. This Standard shall be applied in accounting for property development activities in the financial statements of an entity undertaking property development activities.

2. This Standard supersedes MASB Approved Accounting Standard MAS 7, Accounting for Property Development.

3. This Standard applies to entities engaged in property development activities including those governed by provisions of the Housing Development (Control and Licensing) Act 1966, whether or not such operations are their main activities.

4. Property development as applied in this Standard refer to the business of acquiring land for purposes of:

   (a) construction thereon and selling completed residential, and/or commercial and industrial buildings whether as a whole or by parcels therein; and

   (b) development and sale of vacant lots for the construction of such buildings thereon including homesteads, hobby farms, orchards or for other similar purposes.

Definitions

5. The following terms are used in this Standard with the meanings specified:

A project is a cluster of development units erected within a designated geographical area forming a cost accumulating centre.

Property development activities are defined as activities involving the necessary steps to plan and construct, and comply with statutory and contractual requirements in the development of land into vacant lots, residential, commercial and/or industrial buildings.

Development unit is a unit of residential, commercial, or industrial building, and vacant lot developed for sale.

Relative sales value is the ratio of the estimated current selling price of each individual development unit at the time the evaluation is being carried out, in the final state that it is intended to be sold to that of others to be developed in the development project.

Nature of Property Development Activities

6. The MASB is of the view that the nature of property development activities is that of a specialised industry and a separate Standard will enhance the quality and comparability of financial statements of entities undertaking such activities. A property development entity may be one that carries out all aspects, or the majority, of property development activities in-house, for example, planning, design and construction. In contrast, other property development entities may outsource many of these functions, in particular construction activities.

Property development entities may be involved in the development of either, or all, industrial, commercial or residential developments. Those involved in residential development are subject to the Housing Development (Control and Licensing) Act 1966.

7. A major feature of property development is that development activities are carried out over more than one accounting period. This is generally due to the procedures involved in obtaining approvals from relevant authorities as well as the construction work itself. The activities that have to be undertaken before physical construction of development units can commence may include conversion of land use, sub-division of land, technical planning and drawing, environmental impact assessment, soil test and approval by relevant authorities of master and building plans.

8. The nature of the development activities is such that revenue may be received at varying points in time and quantity. Sale of development units can occur at the point of launching the project, or at any stage of the construction work. Other sales may be made at some time after the completion of the project. Sale of development units can also come with various forms of incentives, for example, rental guarantee, interest rebate, and other promotional packages such as free air-conditioners, and kitchen cabinets. The nature of the sales process has consequences for the recognition and measurement of revenue and expenses, and assets arising from property development activities.

9. Property development costs are also peculiar to this industry and require specific cost allocations system for common infrastructure and costs associated with it over a life cycle which is invariably longer than the costing system that one would adopt for costs associated with a building phase.

10. A further issue is the circumstance where property development entities have large land banks that are developed in stages. As a consequence, it is necessary to consider how such land shall be classified and measured. In addition, even though a large area of land is to be developed in stages, common infrastructure such as connecting roads, bridges and flyovers may need to be constructed for the whole area instead of only for the portion currently under development.

Land Held for Property Development

11. It is not unusual for a property development entity to hold large areas of land which are at varying stages of development, ranging from land on which there is no development to those which are in an advanced stage of development.

12. Land held for property development shall be classified as non-current asset where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle.

13. Land held for property development shall be carried at cost less any accumulated impairment losses. An entity shall apply MASB 23, Impairment of Assets, to determine whether the land has become impaired.

14. The change in the classification of land held for property development to current asset shall be at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle. Current assets as explained in MASB 1, Presentation of Financial Statements, are those assets which are expected to be realised or held for sale or consumption in the normal operating cycle.

Property Development Costs

15. Property development costs shall comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

16. Costs relating to property development activities can be divided into:

(a) costs associated with the acquisition of land;

(b) costs related directly to a specific property development activity; and

(c) costs attributable to the development activities in general and can be allocated to the project.

17. Costs associated with the acquisition of land include the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Pre-acquisition costs are charged to the income statement as incurred unless such costs are directly identifiable to the consequent property development activity. Capitalised pre-acquisition costs are included as property development costs.

18. Consistent with the underlying principles of MASB 27, Borrowing Costs, all related costs incurred subsequent to the acquisition of land can be capitalised only during periods in which activities necessary to prepare the property for its intended use are in progress. These activities would include those of an administrative and technical nature undertaken during the pre-construction stage such as the preparation of plans and the process of obtaining approvals and permits from government authorities.

19. Costs that relate directly to a specific development activity may include professional fees and infrastructure works that are related to the project and contractors' costs for the building works.

20. Some of the property development costs can be specifically attributed to development units sold, others to project units not sold whilst other costs are general and cannot be allocated but are nonetheless central to the project.

21. Common costs that may be allocated to property development activities include:

    (a) costs that would be allocated to existing and future property development projects within the same geographical location (related) such as common infrastructure costs, mandatory land reserve for educational and recreational purposes on a piece of land which the entity intends to develop in several phases/ projects; and

    (b) costs that would be allocated to all projects currently in progress in various locations (unrelated), for example, certain corporate expenditure that relates to existing property development projects undertaken by the entity.

    These costs may be allocated using relative sales value of the projects that benefited or are going to benefit from such costs, or other generally accepted methods. The method selected must be applied consistently.

22. Costs attributable to development activities include contingency costs such as those relating to defect liability. Contingency costs are accounted for in accordance with MASB 20, Provisions, Contingent Liabilities and Contingent Assets.

23. Costs associated with borrowings on property development projects are accounted for in accordance with the provisions of MASB 27, Borrowing Costs.

24. Allocation of costs to individual development units shall be made in accordance with the following criteria:

(a) specific identification (e.g. direct building costs);

(b) relative sales values where specific identification is not possible; or

(c) other appropriate methods consistently applied where allocation based on relative sales value is impracticable.

Property Development Revenue and Expenses

25. Property development revenue shall comprise:

(a) the selling price agreed in the sale and purchase agreements; and

(b) any additional revenue due to variation in development work.

26. A variation is an instruction by the customer for a change in the scope of the work to be performed under the development project contract (sale and purchase agreement). A variation may lead to an increase or a decrease in property development revenue. Examples of variations are changes in the specifications or design of the asset and changes in the duration of the development project contract. A variation is included in property development revenue when: (a) it is probable that the customer will approve the variation and the amount of revenue arising from the variation; and (b) the amount of revenue can be reliably measured.

27. Property development revenue shall be recognised in respect of all development units that have been sold.

28. Revenue recognition commences when all the following criteria are met:

(a) when the sale of the development unit is effected, e.g. upon the signing of the individual sale and purchase agreements;

(b) upon the commencement of development and construction activities; and

(c) when the financial outcome of the development activities can be reliably estimated.

29. The financial outcome of a development activity can be reliably estimated when all of the following conditions are satisfied:

(a) total revenue from the development activities can be measured reliably;

(b) it is probable that the economic benefits associated with the development project will flow to the entity;

(c) both the costs to complete the development activities and the stage of completion of the development project at the balance sheet date can be measured reliably; and

(d) the costs attributable to the development activities can be clearly identified and measured reliably so that actual development costs incurred can be compared with prior estimates.

30. Where the outcome of a development activity cannot be reliably estimated:

(a) the property development revenue shall be recognised only to the extent of property development costs incurred that is probable will be recoverable; and

(b) the property development costs on the development units sold shall be recognised as an expense in the period in which they are incurred.

Any expected loss on a development project shall be recognised as an expense immediately (including costs to be incurred over the defects liability period).

31. During the early stages of a property development project, there are circumstances that may preclude the outcome of the project to be estimated reliably. Under such circumstances the provisions of paragraph 30 may be more appropriate. In the event that the outcome of the project cannot be estimated reliably, no profit shall be recognised. It may also be probable that property development costs will exceed total property development revenue. In such cases, any expected excess of

total property development costs over total property development revenue is recognised as a loss immediately in accordance with paragraph 30.

32. When property development units are sold, the attributable portion of property development costs shall be recognised as an expense in the period in which the related revenue is recognised.

33. The process of recognising as an expense the attributable portion of property development costs results in the matching of expenses and revenues. In determining the allocation amount or portion, an entity shall adopt a method that most appropriately reflects its circumstances. This method shall be applied consistently.

34. Property development revenues and expenses shall be recognised in the income statement when the outcome of a development activity can be estimated reliably (see paragraph 29). The amount of such revenues and expenses shall be determined by reference to the stage of completion of development activity at the balance sheet date.

35. The recognition of revenue and expenses by reference to the stage of completion of the development activity is often referred to as the percentage of completion method. Under this method, property development revenue is matched with property development expenses incurred in reaching the stage of completion, resulting in the reporting of revenue, expenses and profit attributed to the proportion of work completed. This method provides useful information on the extent of the development activity and performance during a period.

36. The stage of completion of a development activity may be determined in a variety of ways. The entity shall use the method that measures reliably the work performed. Depending on the nature of the development activity the methods may include:

(a) the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs;

(b) surveys of work performed; or

(c) completion of a physical proportion of the property development work.

Progress billings to purchasers and payments received often do not reflect the work performed.

37. When the stage of completion is determined by reference to the property development costs incurred to date, only those property development costs that reflect work performed are included in costs incurred to date. Examples of costs that do not relate to work performed are cost of land, financing costs capitalised to the project, and payments made to contractors in advance of work performed under the project.

38. When the uncertainties that prevented the outcome of the project being estimated reliably no longer exist, revenue and expenses associated with the development activity shall be recognised in accordance with paragraph 34.

39. Property development costs not recognised as an expense shall be recognised as an asset and shall be measured at the lower of cost and net realisable value.

Estimates, Revocation of Sales and Incentives

40. Estimates and cost allocations shall be reviewed at the end of each financial reporting period until the project is substantially completed. Costs shall be revised and reallocated where necessary for any changes on the basis of current estimates.

41. The effects of a change in an accounting estimate shall be included in the determination of net profit or loss in accordance with MASB 3, Net Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policies.

42. As a result of uncertainties inherent in property development activities, cost and revenue estimates cannot be measured with precision. The use of reasonable estimates is essential in the preparation of financial statements and does not undermine their reliability. Revisions to cost or revenue estimates attributable to the property development activities in general shall be assigned to both on-going and future projects as applicable.

43. Project development revenue and expenses recognised shall be immediately written back as soon as a rescission or revocation of sale occurs.

44. Liquidated damages receivable from contractors (on late completion) and liquidated damages payable to purchasers (for late delivery) shall be disclosed as gross amounts in the income statement.

45. When sales incentives or other guarantees are offered to induce sales, the estimated obligation under such incentives or guarantees are accounted for in accordance with MASB 20, Provisions, Contingent Liabilities and Contingent Assets.

46. It is common practice for property development entities to offer incentives to entice buyers. The incentives may be in the form of a developer's guaranteed occupancy of the development units or guaranteed return on the purchasers' investments for a specified period. Uncertainties exist as to: the extent that purchasers would allow the entity to manage on their behalf; demand for rented properties; and amount of rental chargeable. Under such situations, it may be difficult to estimate reliably the obligations to be undertaken by the entities.

47. Other incentives or promotional costs incurred by the property development entity that are associated with the sale of its development units shall not be capitalised but are to be recognised in the income statement. Similarly, administrative and maintenance fees, forfeited deposits and interest receivable are to be taken to the income statement.

Inventories - Unsold Completed Development Units

48. Inventories of unsold completed development units shall be stated at the lower of cost and net realisable value.

49. Those unsold completed development units that are retained by an entity are accounted for in accordance with MASB 15, Property, Plant and Equipment or MASB ED 31, Investment Property.

Disclosure

50. An entity shall disclose:

(a) the method used to determine the stage of completion for property development activities;

(b) the revenue and related expenses recognised in the income statement;

(c) in respect of property development costs carried as an asset, a reconciliation of the carrying amount at the beginning and end of the period showing:

(i) the gross amounts of property development costs, segregating the portion related to land;

(ii) property development costs incurred during the period;

(iii) amount of property development costs recognised as an expense in the income statement, showing brought forward and current period amounts; and

(iv) disposals or transfers to other category of assets or any other changes in the carrying amount during the period.

(d) in respect of progress billings:

(i) accrued billings as current asset, representing the excess of revenue recognised in the income statement over the billings to purchasers; and

(ii) progress billings as current liability, representing the excess of billings to purchasers over revenue recognised in the income statement; and

(e) the amount of cash held under Housing Development Account [opened and maintained under section 7A of the Housing Development (Control and Licensing) Act 1966] and any other restrictions on cash.

51. For land held for property development, the financial statements shall disclose:

(a) the gross carrying amount of the cost and accumulated impairment loss (if any) at the beginning and end of the period; and

(b) a reconciliation of the carrying amount at the beginning and end of the period showing:

(i) additions;

(ii) disposals;

(iii) transfers to current assets as property development costs;

(iv) impairment losses recognised / reversed in the income statement during the period, if any; and

(v) other movement.

52. The financial statements shall also disclose:

(a) the existence and amounts of restrictions on titles of land; and

(b) land held for property development and property development projects pledged as security for liabilities.

Transitional Provisions

53. Where the adoption of the provisions of this Standard by an entity results in a change in accounting policy, an entity shall apply the Standard retrospectively in accordance with the benchmark treatment in MASB 3, *Net Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policies*.

54. Where an entity has carried its land held for property development at revalued amount as allowed under MASB Approved Accounting Standard MAS 7, *Accounting for Property Development*, the entity shall continue to retain the revalued amount of the land (and subsequently, its carrying costs) as its surrogate cost.

Effective Date

55. This MASB Standard becomes operative for annual financial statement covering periods beginning on or after 1 January 2004.

Appendix 1

Compliance with International Accounting Standards

As at the date of issue of this Standard, there is no equivalent standard issued by the International Accounting Standards Board (IASB) on property development activities. Nonetheless, the principles underlying the recognition, measurement and disclosure requirements in this Standard are consistent, where applicable, with other relevant standards issued by the IASB.

Appendix 2

Illustrative Example

The appendix has been prepared by the staff of the MASB and is for illustration only. The purpose is to illustrate the application of the standards to assist in clarifying their meaning. This appendix does not form part of the Standard.

P & D Bhd acquired two pieces of land in 2000 at a cost of RM20 million, with the intention to develop the first piece in 2001 and second piece in 2005.

The first piece of land with an area of 30 hectares was acquired for RM10 million. The company incurred another RM2 million in processing and converting the land from agricultural to residential use. The company intends to develop the land in two phases with:

(a) Phase A taking up 10 hectares for the construction of 100 units of double-storey terrace house, priced at RM300,000 per unit; and

(b) Phase B taking up 15 hectares for the construction of 50 units of bungalow, price at RM500,000 per unit.

(c) The balance of 5 hectares is used to develop common area and other infrastructures with expenditure, amounted to RM1 million, all incurred in year 2001.

Construction work commenced on 1 January 2001 and completed in 2003. The financial data for each financial year are as follows:

a) For Year 2001

		Phase A (100 units)	Phase B (50 units)
i)	Units sold	40 units	30 units
ii)	Progress billings (% of sales price)	35%	35%
iii)	Amount received from trade debtors comprising • % of progress billings	90%	90%
iv)	Development costs (excluding land and common costs): • Direct costs incurred to date (RM'000) • Indirect costs incurred and allocated (RM'000)	4,000 2,000	3,000 1,000
v)	Estimates of future development costs to complete • Direct costs (RM'000) • Indirect costs (RM'000)	8,000 2,000	6,000 1,000

b) For Year 2002

		Phase A (100 units)	Phase B (50 units)
i)	Units sold	80 units	50 units
ii)	Progress billings (% of sales price)	70%	70%
iii)	Amount received from trade debtors comprising • % of progress billings; and • balance outstanding from previous year	90%	90%
iv)	Development costs (excluding land and common costs): • Direct costs incurred to date (RM’000) • Indirect costs incurred and allocated (RM’000)	8,250 3,000	6,200 2,000
v)	Estimates of future development costs to complete • Direct costs (RM’000) • Indirect costs (RM’000)	2,000 1,750	1,500 800

c) For Year 2003

		Phase A (100 units)	Phase B (50 units)
i)	Units sold	90 units	50 units
ii)	Progress billings (% of sales price)	100%	100%
iii)	Amount received from trade debtors comprising • % of progress billings; and • balance outstanding from previous year	90%	90%
iv)	Development costs (RM’000) (excluding land and common costs)	15,500	10,000

The amounts of property development costs, revenue, expenses and profit recognised in the financial statements for the three years are as follows:

1) Allocation of common costs

	RM'000
Common costs	
- land**	2,000
- infrastructure costs	1,000
Total	3,000

[** *Calculation of land cost = RM (10 + 2) million X 5/30 hectares*]

Allocation of common costs using relative sales value (see paragraph 21 of MASB 32):

	Relative Sales Value RM'000	Common Costs Allocated *(rounding)* RM'000
- Phase A	30,000	1,600
- Phase B	25,000	1,400
	55,000	3,000

2) Computation of percentage of completion and amount of property development revenue and expenses to be recognised in the income statement

Year 2001

		Phase A RM'000	Phase B RM'000
a)	Accumulated Property Development Costs		
	- Cost associated with acquisition of land	4,000	6,000
	- Common costs	1,600	1,400
	- Direct and indirect costs incurred to date	6,000	4,000
		11,600	11,400
b)	Computation to determine: (i) percentage of completion; and (ii) revenue and expenses to be recognised in the income statement :		
	Cost incurred to date	11,600	11,400
	Further cost to complete	10,000	7,000
		21,600	18,400

	Budgeted cost per unit : - Phase A: RM21,600,000/100 = RM216,000 - Phase B: RM18,400,000/ 50 = RM368,000		
	Total sales value of units sold: - Phase A (40 x RM300,000) - Phase B (30 x RM500,000)	 12,000 -	 - 15,000
	Total budgeted cost of units sold: - Phase A (40 x RM216,000) - Phase B (30 x RM368,000)	 8,640 -	 - 11,040
i)	Percentage of Completion - Phase A [(11,600 – 4,000) / (21,600 – 4,000)] = 43% - Phase B [(11,400 – 6,000) / (18,400 – 6,000)] = 44%		
ii)	Revenue and expenses to be recognised in the income statement are as follows: - Revenue: Total sales value of units sold x % completion - Expenses: Total budgeted costs of units sold x % completion	 5,160 3,715 1,445	 6,600 4,858 1,742

Year 2002

		Phase A RM'000	Phase B RM'000
a)	Accumulated Property Development Costs - Cost associated with acquisition of land - Common costs - Direct and indirect costs incurred to date	 4,000 1,600 11,250 16,850	 6,000 1,400 8,200 15,600
b)	Computation to determine: (i) percentage of completion; and (ii) revenue and expenses to be recognised in the income statement: Cost incurred to date Further cost to complete	 16,850 3,750 20,600	 15,600 2,300 17,900

	Budgeted cost per unit : - Phase A: RM20,600,000/100 = RM206,000 - Phase B: RM17,900,000/ 50 = RM358,000		
	Total sales value of units sold:		
	- Phase A (80 x RM300,000)	24,000	-
	- Phase B (50 x RM500,000)	-	25,000
	Total budgeted cost of units sold:		
	- Phase A (80 x RM206,000)	16,480	-
	- Phase B (50 x RM358,000)	-	17,900
i)	Percentage of Completion - Phase A [(16,850 – 4,000) / (20,600 – 4,000)] = 77% - Phase B [(15,600 – 6,000) / (17,900 – 6,000)] = 81%		
ii)	Revenue and expenses to be recognised in the income statement are as follows: - Revenue:		
	- Total sales value of units sold x % completion	18,480	20,250
	- Total sales value recognised in previous year	5,160	6,600
		13,320	13,650
	- Expenses: - Total budgeted costs of units sold x % completion	12,690	14,499
	- Total expenses recognised in previous year	3,715	4,858
		8,975	9,641

Year 2003

		Phase A RM'000	Phase B RM'000
a)	Accumulated Property Development Costs		
	- Cost associated with acquisition of land	4,000	6,000
	- Common costs	1,600	1,400
	- Direct and indirect costs incurred to date	15,500	10,000
		21,100	17,400
	Actual cost per unit	211	348

b)	Total sales value of units sold:		
	- Phase A (90 x RM300,000)	27,000	-
	- Phase B (50 x RM500,000)	-	25,000
	Total actual cost of units sold:		
	- Phase A (90 x RM211,000)	18,990	-
	- Phase B (50 x RM348,000)	-	17,400
	Revenue and expenses to be recognised in the income statement are as follows:		
	- Revenue:		
	- Total sales value of units sold	27,000	25,000
	- Total sales value recognised in previous year	18,480	20,250
		8,520	4,750
	- Expenses:		
	- Total actual costs of units sold	18,990	17,400
	- Total expenses recognised in previous year	12,690	14,499
		6,300	2,901

Schedule of revenue, expenses and profits recognised during the three financial years are as follows:

	Revenue RM'000	Expenses RM'000	Profits RM'000
Financial year ended			
2001	11,760	8,573	3,187
2002	26,970	18,616	8,354
2003	13,270	9,201	4,069
Actual realised results	52,000	36,390*	15,610

* (90units x RM211,000) + (50units x RM348,000)

<u>Year 2001:</u>

<u>Extracts of the Financial Statements:</u>

Balance Sheet (Extract)

	2001 RM'000
Land Held for Property Development	10,000
Current Assets	
Property Development Costs	14,427
Trade Debtors	945
Accrued Billings	2,310

Income Statement (Extract)

	2001 RM'000
Property Development Revenue (Cr)	11,760
Property Development Expenses (Dr)	8,573

Notes to the Financial Statements (Extract)

	2001 RM'000
<u>Property Development Costs</u>	
Costs incurred during the year	
- Land	10,000
- Development Costs	13,000
	23,000
Less: Costs recognised as an expense in Income Statement	8,573
	14,427

<u>Year 2002:</u>

<u>Extracts of the Financial Statements:</u>

Balance Sheet (Extract)

	2002 RM'000	2001 RM'000
Land Held for Property Development	10,000	10,000
Current Assets		
Property Development Costs	5,261	14,427
Trade Debtors	2,485	945
Accrued Billings	4,430	2,310

Income Statement (Extract)

	2002 RM'000	2001 RM'000
Property Development Revenue (Cr)	26,970	11,760
Property Development Expenses (Dr)	18,616	8,573

Notes to the Financial Statements (Extract)

	2002 RM'000	2001 RM'000
<u>Property Development Costs</u>		
Property development costs comprise the following:		
- Land	10,000	-
- Development Costs	13,000	-
	23,000	-
Add: Costs incurred during the year		
- Land	-	10,000
- Development Costs	9,450	13,000
	32,450	23,000
Less: Costs recognised as an expense in Income Statement		
- Previous Year	8,573	-
- Current Year	18,616	8,573
	5,261	14,427

<u>Year 2003:</u>

<u>Extracts of the Financial Statements:</u>

Balance Sheet (Extract)

	2003 RM'000	2002 RM'000
Land Held for Property Development	10,000	10,000
Current Assets		
Property Development Costs	-	5,261
Inventories	2,110	-
Trade Debtors	1,770	2,485
Accrued Billings	-	4,430

Income Statement (Extract)

	2003 RM'000	2002 RM'000
Property Development Revenue (Cr)	13,270	26,970
Property Development Expenses (Dr)	9,201	18,616

Notes to the Financial Statements (Extract)

	2003 RM'000	2002 RM'000
<u>Property Development Costs</u>		
Property development costs comprise the following:		
- Land	10,000	10,000
- Development Costs	22,450	13,000
	32,450	23,000
Add: Costs incurred during the year		
- Development Costs	6,050	9,450
	38,500	32,450
Less: Costs recognised as an expense in Income Statement		
- Previous Years	27,189	8,573
- Current Year	9,201	18,616
Sub-total	2,110	5,261
Transfer to Inventories	2,110	-
	-	5,261