I. GENERAL PROVISIONS

1. The objective of this Standard is to set out how non-current tangible assets shall be recorded in accounting and presented in financial statements.

2. This Standard shall be applied when:

   2.1. recording non-current tangible assets, except for investment property, in accounting, calculating their acquisition (production) cost, depreciation, revaluing or performing other economic transactions or recording economic events related to non-current tangible assets, except for cases when other Business Accounting Standards require or allow for different recording of such assets or related transactions;

   2.2. recording investment property in accounting, calculating its acquisition (production) cost, depreciation, fair value, performing other economic transactions or recording economic events related to the investment property.

3. This Standard does not apply to:

   3.1. accounting of biological assets related to agricultural activities;

   3.2. accounting of exploration and extraction of minerals, oil, natural gases and similar non-renewable resources;

   3.3. land and forests managed by state forest enterprises under the trust right. In accordance with the requirement of article 7 of the Law on Forests of the Republic of Lithuania (No. IX-240, 10 April 2001, “Valstybės žinios” (Official Gazette), 2001, No. 35-1161), the value of land and forests is not recorded in accounting, therefore, state forest enterprises record a decrease in cash and retained earnings when forest land and forests are redeemed.

4. Non-current tangible assets used in agriculture and in the exploration and extraction of non-renewable natural resources, that are not attributed to biological or non-renewable natural resources, are recorded in accounting in the manner established by this Standard.

5. Biological assets not related to agricultural activities are recorded in accounting in the manner established by this Standard.

II. KEY DEFINITIONS

**Carrying amount** – the amount at which an asset is presented in the balance sheet. The carrying amount of a non-current tangible asset is equal to its book value.

**Biological assets** – plants and animals.

**Non-current tangible asset** – a tangible asset that renders economic benefits to the entity for a period longer than one year and the acquisition (production) cost of which is equal to at least the minimum cost of non-current tangible assets set by the entity.

**Investment property** – non-current tangible assets (land, buildings, or their part, or land with buildings on it) held by the owner or by the lessee under a finance lease to earn rentals or for capital appreciation or both, except for:

   a) assets for use in the production or supply of goods or services or for administrative purposes;
b) assets for sale in the ordinary course of business. These assets are accounted for in the manner established by 9 Business Accounting Standard “Inventories”.

**Acquisition (production) cost** – the amount of cash or cash equivalents paid or payable, or the value of other assets given in exchange or consumed to acquire an asset at the time of its acquisition or production.

**Book value** – the amount of acquisition (production) cost of a non-current tangible asset less depreciation accumulated during its useful life, plus any increases in the value of the asset and less any accumulated impairment losses.

**Residual value** – the amount that an entity expects to obtain from an asset at the end of its useful life, after deducting the estimated costs of future liquidation or disposal.

**Useful life** – the period of time over which an entity expects to use an asset of a finite useful life or the number of production or similar units expected to be produced (obtained) from the asset by the entity.

**Depreciable amount** – the amount equal to the difference between the acquisition (production) cost of a non-current tangible asset of a finite useful life and its estimated residual value.

**Depreciation** – a systematic allocation of the depreciable amount of a non-current tangible asset of a finite useful life to expenses over its expected useful life taking in consideration the actual changes in the economic value of such asset.

**Impairment (loss due to decrease in value)** – the amount by which the carrying amount of an asset exceeds its recoverable amount.

**Fair value** – the amount for which an asset or a service could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

### III. ATTRIBUTION OF ASSETS TO NON-CURRENT ASSETS

6. A tangible asset shall be attributed to non-current assets when all the following conditions are met:

   6.1. the entity expects to use it for a period longer than one year;
   6.2. the entity reasonably expects a flow of economic benefits from such asset in future periods;
   6.3. the entity can reliably measure the acquisition (production) cost of the asset;
   6.4. the acquisition (production) cost of the asset exceeds the minimum cost of a non-current tangible asset set by the entity for each group of assets;
   6.5. risk related to tangible asset has been transferred to the entity.

7. The transfer of risk is the point of time when an entity gains a right to manage, use and dispose a tangible asset, becomes responsible for it and receives the benefits associated with such asset. The moment of transfer of risk is usually defined in the agreement. If an asset is held by an entity by the right of ownership or the entity manages, uses and disposes the asset under the trust right and the agreement does not provide for another moment of the transfer of risk, the risk is considered to be transferred at the time of signing the agreement. For the purpose of determining whether the asset-related risk has been transferred to the entity, the principle of substance over form shall be observed.

8. Tangible assets that provide an entity with preconditions for future operation are recognised as non-current assets, even if they do not render economic benefits directly (for example, assets acquired for the safety at work, environmental and administrative purposes).

9. If an entity intends to acquire tangible assets that will render economic benefits to it for a period longer than one year, prepayments, advances and other similar payments for such assets shall be recognised as non-current assets. In addition, received non-current tangible assets that have not yet been put into operation or that are not competed yet are also recognised as non-current tangible assets. For accounting purposes the assets referred to in this paragraph are recorded separately.
IV. ACQUISITION (PRODUCTION) COST OF NON-CURRENT TANGIBLE ASSETS

10. Non-current tangible assets are recorded in accounting at their acquisition (production) cost.

11. Examples of costs that are included in the acquisition (production) cost of a non-current tangible asset:
   11.1. cash amount paid or payable (or the value of other consumed asset) upon the acquisition of the asset;
   11.2. delivery costs;
   11.3. customs, excise duties and other non recoverable taxes;
   11.4. costs of planning work;
   11.5. assembly costs;
   11.6. installation costs;
   11.7. costs of preparation for use;
   11.8. costs of repairs carried out before the asset is brought into use;
   11.9. testing costs;
   11.10. infrastructure and asset registration costs;
   11.11. costs of plot and construction site preparation;
   11.12. estimated costs of dismantling and removing the asset and restoring the site, to the extent that they meet the definition of liabilities or provisions;
   11.13. other costs directly related to the acquisition of assets.

12. Value-added tax is excluded from the non-current tangible asset acquisition (production) cost, except for those cases when VAT is not refundable. An entity may include the non refundable VAT into the acquisition cost of an asset.

13. Interest is not included in the acquisition (production) cost of an asset. Interest is recorded as expenses of respective periods.

14. The acquisition (production) cost of a non-current tangible asset is calculated as the sum of the costs of purchase of raw materials, supplies and components used for constructing the non-current asset and of direct labour costs and indirect production costs (overheads) incurred in production before the asset is brought into use.

15. Operating expenses are excluded from the acquisition (production) cost of a non-current tangible asset.

16. The cost of a self-constructed asset is determined using the same principles as for an acquired asset. If an entity makes assets both for sale and for use in the normal course of its own business, the cost of the asset for self-use shall be the same as the cost of producing the asset for sale. The cost of abnormal amounts of wasted material, labour, or other resources incurred in the production (self-constructing) of an asset are not included in the cost of the asset and are recognised as operating expenses of the reporting period. In such case no portion of internal profit can be included in the cost of self-construction.

17. If an asset is acquired on credit for the amount exceeding its fair value with a settlement period exceeding 12 months and the agreement does not specify any interest, or the amount of interest significantly differs from the market interest rate, the acquisition cost is calculated by discounting the total payable amount to the present value at the market interest rate. The difference is recognised as interest expenses over the entire period of credit repayment.

18. If an entity receives non-current tangible assets in the form of property contributions of owners, their acquisition cost equals to the value of assets as approved by the owners’ meeting or by the owner, which may not exceed their fair value, and all costs related to registration of assets and their preparation for use.

19. Acquisition cost of non-current tangible assets received gratis (donated) comprises the value of assets specified in the donation agreement or in any other equivalent document, which shall not exceed the fair value of the assets and all costs related to the receipt of the assets and their
preparation for use. If the value of assets is not specified, the entity shall set the value of the acquired non-current tangible assets to be considered as their acquisition cost on the basis of the fair value of the assets.

20. Acquisition cost of assets managed under the trust right is specified in the transfer-acceptance deed, however, when recording it in accounting it shall not exceed the fair value of the assets. If the value of the asset is not indicated in the transfer-acceptance deed, the value of the assets is determined by the entity on the basis of the fair value of assets.

21. Acquisition cost of assets managed according to operating lease, loan-for-use and finance lease agreements is calculated and such assets are recorded in accounting in the manner established by 20 Business Accounting Standard “Operating Lease, Finance Lease and Loan-for-Use”.

V. EXCHANGE OF ASSETS

22. Non-current tangible assets may be acquired in exchange for other assets.

23. Acquisition cost of acquired items is determined by adding all costs related to the exchange of assets incurred before the assets are brought into use to the value specified in the exchange agreement.

24. If the value of assets is not specified in the exchange agreement, and the assets are exchanged or swapped for assets of the same or similar designation, nature and value that are used in the same line of business, the acquisition cost of non-current tangible assets is equal to the carrying amount of the assets given up. In such case neither gain nor loss is recognised as a result of the exchange transaction (for example, one copier is exchanged to another).

25. If the exchange agreement does not specify the value of assets, and dissimilar non-current tangible, intangible or financial assets are used for the purpose of the exchange, the acquisition cost of assets received in exchange shall be the fair value of the assets given up, plus all costs related to the exchange of assets incurred before the assets are brought into use.

26. The fair value of an asset given up in exchange can be higher or lower than its carrying amount. In such case the difference between the fair value and the carrying amount is recorded as a profit (loss) from exchange of non-current tangible assets.

27. If an exchange transaction is settled in kind and in cash, such transaction is treated as an exchange transaction of dissimilar assets.

VI. ACCOUNTING FOR MAINTENANCE, RECONSTRUCTION AND REPAIRS

28. Costs of maintaining non-current tangible assets are included into operating expenses of the reporting period when they are incurred, if according to accounting policies of an entity they are not attributed to the cost of goods produced.

29. Recording of reconstruction and repairs of non-current tangible assets depends on the result of such activities.

30. If reconstruction and repairs extend the useful life and upgrade the useful features of a non-current tangible asset, the acquisition cost of the non-current tangible asset is increased by the value of such work, also adjusting the useful life of the asset.

31. If reconstruction and repairs of a non-current tangible asset do not extend its useful life but upgrade the useful features of the asset, the acquisition cost of the non-current tangible asset is increased by the value of such work.

32. If reconstruction and repairs of a non-current tangible asset do not upgrade its useful features, but extend its useful life, the acquisition cost of a non-current tangible asset is increased by the value of such work, also adjusting the useful life of the asset. The book value of the asset starting from the period, in which the useful life was adjusted, shall be depreciated over the revised useful life. An example of such work can be the repairs of a building that prolong its useful life.
33. If reconstruction and repairs of a non-current tangible asset neither upgrade its useful features nor extend its useful life, the value of such work is recognised as expenses of the reporting period.

34. In certain cases technical specifications or similar documents related to a non-current tangible asset require repairs at regular intervals in order to maintain safe and reliable use. In such cases an entity shall record the costs of repairs in assets (deferred expenses) and write them off to expenses over the period until the next planned repairs of the asset.

35. According to technical specifications or similar documents, some components of a non-current tangible asset may require replacement because they have useful lives different to those of the asset to which they relate. If it is possible to reliably determine the acquisition (production) cost of such components and it exceeds the minimum cost of a non-current tangible asset, the entity can record and depreciate them as a separate non-current tangible asset (for example, an aircraft fuselage and engine).

36. If the costs of repairs resulting from an accident or other reasons are compensated by an insurance company, the costs of repairs shall be reduced by the compensated amount. If the compensated amount exceeds the costs of repairs, the difference is recorded as income of the reporting period.

VII. MAINTENANCE, RECONSTRUCTION AND REPAIRS OF LEASED NON-CURRENT TANGIBLE ASSETS

37. Maintenance costs of leased assets (if not compensated by the lessor) are recognised as operating expenses by the lessee, if they are not attributed to the cost of goods produced.

38. If the lessor does not compensate reconstruction and repair costs incurred by the lessee, they are recorded as operating expenses of the lessee during the period when they are incurred. If the recognition of reconstruction and repair costs as operating expenses during the period when they are incurred would materially distort the result of operations, such costs are registered as assets and recognised as expenses over the remaining lease term.

39. If the lessor agrees to compensate the value of repairs or to reduce lease payments accordingly, the lessee records the costs of repairs as an amount receivable. The lessor records the costs of repairs in accordance with paragraphs 30, 31, 32, and 33 of this Standard.

VIII. RECORDING OF NON-CURRENT TANGIBLE ASSETS IN ACCOUNTING AND PRESENTATION IN FINANCIAL STATEMENTS

40. Upon acquisition or production of non-current tangible assets, except for investment property, they are recorded in accounting at the acquisition (production) cost. After the initial recognition, on the basis of accounting policies selected by an entity they can be carried at:

40.1. the acquisition cost;  
40.2. the revaluation amount.

41. Separate groups of assets may be recorded applying different accounting methods.

42. If the entity's accounting policy requires applying the method provided for in item 1 of paragraph 40 hereof, non-current tangible assets are recorded in accounting at the acquisition cost; and presented in financial statements at the acquisition cost less any accumulated depreciation and impairment loss.

43. The value of non-current tangible assets shall be reduced in the manner established by 23 Business Accounting Standard "Impairment of Assets"

44. If the entity’s accounting policy requires to apply the method provided for in item 2 of paragraph 40 hereof, non-current tangible assets are recorded in accounting at the acquisition cost and subsequently revalued and recorded in accounting at the revaluation amount; and presented in financial statements at the revaluation amount less any accumulated depreciation and impairment loss.
45. If the accounting policy for non-current assets requires revaluation of non-current tangible assets, such revaluation shall be carried out on a regular basis, at least once in five years.

46. If the fair value of non-current tangible assets (all assets or a particular group of assets) continuously and significantly changes, they shall be revalued more often.

47. In case of revaluing one item of non-current tangible assets, the revaluation shall also apply to all items of non-current tangible assets in the group to which such asset item belongs. All items of assets attributed to one group shall be revalued simultaneously.

48. A group of non-current tangible assets consists of assets of similar nature and use in the entity’s activities. The number and types of asset groups are determined at the discretion of an entity. Examples of groups of non-current tangible assets:
   48.1. land;
   48.2. buildings and construction;
   48.3. plant and machinery;
   48.4. vehicles;
   48.5. equipment.

49. If after revaluing non-current tangible assets their value increases, such increase is recorded as an increase in the value of non-current tangible assets and revaluation reserve (results).

50. If after revaluing non-current tangible assets their value decreases, such reduction is recorded as a decrease in the value of non-current tangible assets and a loss of the reporting period due to decreases in value, if previously the value of such assets has not been increased as a result of revaluation.

51. If an item of non-current tangible assets has been previously revalued and there is a remaining portion of revaluation reserve (results) associated with it, in accounting a decrease in its value is recorded and the revaluation reserve (results) is reduced. If the amount of revaluation reserve (results) is lower than the amount of the decrease in the value of the asset, that part which exceeds the amount of revaluation reserve (results) is recognised as a loss due to decreases in value of the reporting period.

52. If the revaluation of a non-current tangible asset results in an increase in its value, but previously due to the decrease in the value of this asset related expenses were recorded, in accounting the increase in the value of the asset is recorded and the expenses are reduced by the amount which was previously included in expenses, and the remaining part is included into the revaluation reserve (results).

IX. DEPRECIATION OF NON-CURRENT TANGIBLE ASSETS

53. Non-current tangible assets can be of a finite and indefinite useful life. Depreciation is calculated only for assets with finite useful life.

54. Assets with indefinite useful life include land, so its depreciation is not calculated.

55. Depreciation is calculated from the 1st day of the next month after a non-current tangible asset is brought into use.

56. Depreciation of a non-current tangible asset is discontinued as from the 1st day of the next month after its write-off, disposal, designation to investment property that will be accounted for at the fair value, other transfer, when the asset is no longer used or when the total value of the asset still in use (less residual value) is transferred to the cost of goods, products or services.

57. Depreciation of a non-current tangible asset is calculated at the annual depreciation rate determined by an entity in view of:
   57.1. expected useful life of the asset;
   57.2. expected intensity of using the non-current tangible asset, conditions of its use, changes in the useful features during the useful life of the asset;
   57.3. advancement of technologies and economy resulting in the obsolescence of the asset;
   57.4. legislative and other factors that limit the useful life of the non-current tangible asset;
   57.5. residual value of the non-current tangible asset determined by the entity.
58. Depreciation of library funds, works of art, museum exhibits and non-current tangible assets included in the register of cultural values, except for reconstructed or repaired buildings and constructions, is not calculated. If buildings and constructions included in the list of cultural values were reconstructed or repaired and their acquisition cost was increased as a result, depreciation is calculated only of the resulting increase in the cost of reconstructed or repaired buildings and constructions.

59. Depreciation of unused non-current tangible assets is not calculated. Unused non-current tangible assets include preserved assets. If an asset is temporarily idle because of repairs, it is not considered as unused.

60. A depreciable amount of a non-current tangible asset is calculated as the difference between its acquisition cost and expected residual value. The residual value is estimated by an entity.

61. The annual depreciation rate of a non-current tangible asset determined by an entity, as well as its useful life and residual value can be reviewed once additional information is obtained. The book value of a non-current tangible asset shall be depreciated over the remaining (reviewed) useful life starting from the period when the depreciation rate, useful life or residual value was reviewed.

62. The following method may be applied for depreciating a non-current tangible asset:

62.1. straight-line method;
62.2. units-of-production method;
62.3. sum-of-years’-digits method;
62.4. double declining balance method.

63. The sum-of-years’-digits and double declining balance depreciation methods are not recommended for depreciating non-current tangible assets for the purpose of preparing financial statements, except for the cases when it is necessary to present fairly the entity’s performance and economical benefits rendered by the assets.

64. Under the straight-line (linear) depreciation method the annual amount of depreciation is calculated according to the formula:

\[
\text{Acquisition (production) cost} - \text{Expected residual value} \over \text{Estimated useful life in years}
\]

65. Amount of depreciation calculated under the units-of-production depreciation method depends on the quantity of units produced (services provided) using a particular item of non-current tangible assets. Under this method the annual amount of depreciation is calculated according to the formula:

\[
(\text{Acquisition (production) cost} - \text{Expected residual value}) \times \text{Number of units produced during the year} \over \text{Maximum number of units expected to be produced over useful life}
\]

66. Under the sum-of-years’-digits depreciation method a depreciation amount is calculated on the basis of an acquisition cost, however, in the first year of using an asset, the highest depreciation amount of the asset is included in the cost or produced goods and services, the lower depreciation amount is included in the second year, and in the third and subsequent years the depreciation amount is systematically reduced over the selected useful life of the asset. Under this method the annual amount of depreciation is calculated according to the formula:

\[
(V1 - V2) \times (T–i+1) \times 2 \over N = {T \times (T+1)}, \text{ where}
\]

\[
N \quad \text{– annual amount of depreciation;}
V1 \quad \text{– acquisition (production) cost of a non-current tangible asset;}
V2 \quad \text{– residual value of a non-current tangible asset;}
T \quad \text{– useful life in years;}
\]
i – year for which depreciation is calculated, where ‘i’ is less than ‘T’.

67. Under the double declining balance method depreciation is calculated on the book value of an asset by multiplying it by a double depreciation rate. Under this method the annual amount of depreciation is calculated according to the formula:

\[
N = \frac{100 \%}{T} L \times n; \quad n = \frac{100 \%}{T} \times 2, \quad \text{where}
\]

- \( N \) – annual amount of depreciation;
- \( L \) – book value of a non-current tangible asset;
- \( n \) – depreciation rate;
- \( T \) – useful life in years.

In the first year of using an asset:

\[
N_1 = L_1 \times n, \quad \text{where}
\]

\[
L_1 = V_1,
\]

- \( V_1 \) – acquisition (production) cost of a non-current tangible asset;

In the second year of using the asset:

\[
N_2 = L_2 \times n, \quad \text{where} \quad L_2 = L_1 - N_1;
\]

In the third year of using the asset:

\[
N_3 = L_3 \times n, \quad \text{where} \quad L_3 = L_2 - N_2;
\]

In the forth and following years of using the asset except for the last one:

\[
N_i = L_i \times n, \quad \text{where} \quad L_i = L_{i-1} - N_{i-1};
\]

In the last year of using the asset:

\[
N_p = L_{p-1} - V_2, \quad \text{where} \quad V_2 \text{ – residual value of the non-current tangible asset.}
\]

68. Entities may identify at their own discretion the depreciable items of non-current tangible assets. They may include:

- 68.1. a group of identical homogenous units of assets;
- 68.2. a separate unit of assets;
- 68.3. a component part of an asset unit, if its useful life differs from the useful life of the asset to which it relates and if it is possible to estimate the acquisition (production) cost of such part.

69. The depreciable amount of a non-current tangible asset shall be allocated systematically over its useful life.

70. If a non-current tangible asset is revalued to its recoverable amount or its value is adjusted due to repairs, depreciation is calculated from the reviewed value.

71. The amount of depreciation shall be recognised as expenses during each reporting period, except for cases when depreciation charges are included in the cost of other assets.

72. The depreciation method of a non-current tangible asset and its useful life shall be subject to regular reviews. If any significant changes in economic benefits rendered by an asset are expected, the depreciation method or the useful life shall be reviewed so as to reflect the new situation.

73. A change of depreciation method is considered to be a change of the accounting policy, whereas the review of useful life – a change of accounting estimates. The requirements for accounting for changes in accounting policies and accounting estimates are established by 7 Business Accounting Standard “Changes in Accounting Policies, Accounting Estimates and Correction of Errors”.
X. DERECOGNITION OF NON-CURRENT TANGIBLE ASSETS

74. If a non-current tangible asset recorded in accounting no longer meets the requirements for its attribution to such assets, it shall be derecognised.

75. Upon derecognition of a fully depreciated asset, the resulting components or materials are recorded in accounting as inventories at net realisable value. If the residual value of the derecognised asset exceeds the net realisable value of the resulting components and materials, the difference is included in the losses from writing off assets of the reporting period, and if the residual value is lower - in profit from writing off assets of the reporting period.

76. If a derecognised asset is not fully depreciated, the non-depreciated amount is recorded in accounting as losses from writing off assets of the reporting period. If after the dismantlement of the asset some components or materials are obtained, they are registered in accounting as inventories at net realisable value, and losses resulting from writing off assets are reduced accordingly.

77. Upon disposal of a non-current tangible asset, the result of the transaction is presented in the income statement. A gain or loss arising from a disposal of a non-current tangible asset is calculated as the difference between the disposal proceeds and the book value of the sold asset and all costs related to the disposal. Derecognition of the disposed non-current tangible asset is recorded in accounting by writing off the acquisition cost of the asset and its accumulated depreciation amount.

78. A non-current tangible asset no longer used in the entity’s operations and held for sale is recorded in inventories at the book value from the date when the asset is no longer used in the entity’s operations. The requirements for accounting for such assets are established by 9 Business Accounting Standard “Inventories”.

79. Non-current tangible assets that temporarily are not used in the entity’s operations are registered in a separate account. In the balance sheet such assets are presented in the same asset group to which they were attributed when in use. Complete explanatory notes to financial statements shall disclose information about temporarily idle assets.

80. If an asset is lost as a result of a theft or other similar reasons, the associated losses are recognised as losses of the reporting period resulting from loss of assets if there is no possibility to compensate such losses. If the recovery of losses is probable, the amount expected to be recovered is recorded in the amounts receivable. If the amount expected to be recovered is lower than the value of the lost asset, the remaining amount is recognised as losses.

81. If an asset is lost as a result of natural disasters or other natural phenomena that are not typical in a given location, the associated losses are recognised as extraordinary losses if there is no possibility to compensate them. The amount of losses reasonably expected to be recovered is recorded in the amounts receivable of the given reporting period, reducing the extraordinary losses respectively.

82. If a non-current tangible asset is lost or losses are incurred as a result of natural disasters typical in a given location, the associated losses are recognised as losses of the reporting period resulting from loss of assets. If the recovery of losses is probable, the amount expected to be recovered is recorded in the amounts receivable, reducing losses resulting from loss of assets respectively.

83. If a derecognised asset has been revalued and an unused portion of revaluation reserve (results) remains, the revaluation reserve shall be reduced respectively. The accounting requirements for revaluation reserve (results) are established by 8 Business Accounting Standard “Equity”.

XI. ACCOUNTING FOR INVESTMENT PROPERTY

84. On initial recognition investment property shall be registered in accounting at its acquisition cost, after recognition an entity shall choose as its accounting policy either of these methods:
84.1. the cost model; or
84.2. the fair value model.

85. If the cost model is chosen as an accounting treatment for investment property, depreciation of the investment property is calculated. In financial statements the investment property is stated at its acquisition value less any accumulated depreciation and impairment losses.

86. The value of investment property is reduced in accordance with the requirements of 23 Business Accounting Standard “Impairment of Assets”.

87. Repair costs related to investment property that in financial statements is stated at its acquisition cost are recorded in the manner established by paragraphs 30, 31, 32 and 33 of this Standard.

88. If the fair value model is chosen as an accounting treatment for investment property, depreciation of the investment property is not calculated. The fair value of the investment property is reviewed at each balance sheet date, the changes in fair value are recognised as profit or loss in the income statement.

89. Repair costs related to investment property that in financial statements is stated at its fair value are recognised as expenses of the reporting period when they are incurred.

90. If assets previously used in the production or supply of goods or services or for administrative purposes start to be held to earn rentals and / or for capital appreciation, they are transferred from other groups of non-current tangible assets into the investment property group on the day when they start to be held to earn rentals and / or for capital appreciation.

91. If assets previously held to earn rentals and / or for capital appreciation start to be used in the production or supply of goods or services or for administrative purposes, they are transferred from the investment property group into other groups of non-current assets on the day when they start to be used in the production or supply of goods or services or for administrative purposes.

92. If the cost model is chosen as an accounting treatment for investment property, upon the transfer of assets from other groups of non-current tangible assets, where they were accounted for at the acquisition cost, into the investment property group, the acquisition cost and accumulated depreciation of the transferred assets become the acquisition cost and accumulated depreciation of the investment property.

93. If the cost model is chosen as an accounting treatment for investment property, upon the transfer of assets from other groups of non-current tangible assets, where they were accounted for at the revaluation amount, into the investment property group, the acquisition cost and the amount of revaluation of the transferred assets become the acquisition cost of the investment property. The accumulated depreciation calculated on the acquisition cost and on the amount of revaluation become the accumulated depreciation of the investment property. The unused portion of revaluation reserve (results) associated with the transferred assets shall be reduced through increasing retained earnings (reducing retained losses) when the investment property is depreciated or impairs.

94. If the fair value model is chosen as an accounting treatment for investment property, upon the transfer of assets from other groups of non-current tangible assets into the investment property group, the carrying amount of the transferred assets becomes the acquisition cost of the investment property. After estimating the fair value of the investment property on the day of the transfer, the difference between the acquisition cost and the fair value is presented in the income statement.

95. If the fair value model is chosen as an accounting treatment for investment property, upon the transfer of assets from other groups of non-current tangible assets, where they were accounted for at the revaluation amount, into the investment property group, the unused portion of revaluation reserve (results) associated with the transferred assets is reduced through increasing retained earnings (reducing retained losses).

96. Upon the transfer of investment property, which was presented in financial statements at the fair value, into other groups of non-current tangible assets, its last known fair value becomes the acquisition value.
97. Some properties comprise a portion that is held to earn rentals and / or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. In financial statements these portions shall be presented as follows:

97.1. separately, if each portion is a significant portion of the property. The portion of the property held to earn rentals and / or for capital appreciation is presented in the investment property group. The portion of the property held for use in the production or supply of goods or services or for administrative purposes is presented in the land or buildings group;

97.2. in the investment property group, if the portion of the property held for use in the production or supply of goods or services or for administrative purposes is an insignificant portion of the property;

97.3. in the land or buildings group, if the portion of the property held to earn rentals and / or for capital appreciation is an insignificant portion of the property.

XII. DISCLOSING INFORMATION IN FINANCIAL STATEMENTS

98. In complete explanatory notes the following information shall be disclosed:

98.1. about each group of non-current tangible assets, including investment property presented in financial statements at the acquisition cost:

98.1.1. acquisition (production) cost at the beginning and at the end of the reporting period;

98.1.2. the value of assets acquired during the reporting period;

98.1.3. the value of assets disposed during the reporting period;

98.1.4. the value of assets written off;

98.1.5. impairment losses;

98.1.6. depreciation calculated during the reporting period;

98.1.7. accumulated depreciation at the beginning and at the end of the reporting period;

98.1.8. book value at the beginning and at the end of the reporting period;

98.2. about each group of investment property presented in financial statements at fair value:

98.2.1. the carrying amount at the beginning and at the end of the reporting period;

98.2.2. the value of assets acquired during the reporting period;

98.2.3. the value of assets disposed during the reporting period;

98.2.4. the value of assets written off;

98.2.5. the value of assets transferred into the investment property group from other groups of assets and from the investment property group into other groups of assets;

98.2.6. the change in the fair value during the financial year;

98.3. gains or losses arising from the changes in the fair value of investment property and recognised in the income statement, and in which line of the income statement are they included;

98.4. significant assumptions and methods on which the measurement of the fair value of investment property is based;

98.5. the accounting policy for non-current tangible assets and investment property and its changes;

98.6. the minimum cost of non-current tangible assets set by the entity;

98.7. assets used as a collateral and other restrictions of ownership rights;

98.8. changes in accounting estimates;

98.9. applicable non-current tangible assets depreciation methods and depreciation rates for each group of non-current tangible assets;

98.10. in case of revaluation of assets – reasons for revaluation, periodicity and the result of revaluation;

98.11. in case when some fully depreciated assets are still in use, the type and acquisition (production) cost of such assets shall be specified;

98.12. in case when one portion of a property is held to earn rentals and / or for capital appreciation and another portion is held for use in the production or supply of goods or services or
for administrative purposes, the criteria for determining the significance of these portions and their sizes.

**XII. FINAL PROVISIONS**

99. Entities that have calculated the acquisition (production) cost of non-current tangible assets in the manner other than that established by this Standard, shall limit the application of provisions of this Standard concerning the acquisition (production) cost of assets exclusively to the assets newly acquired during the current and subsequent reporting periods. The acquisition (production) cost of previously acquired assets shall not be adjusted.

100. Entities that have revalued separate items or groups of non-current tangible assets before the adoption of this Standard, in addition to the accounting method specified in item 2, paragraph 40 they can choose the method specified in item 1 of the same paragraph. After choosing the acquisition cost method the value of such non-current tangible assets shall be:

100.1. adjusted to their acquisition cost; or

100.2. not adjusted to their acquisition cost. In this case the value of the non-current tangible assets does not meet the requirements of this Standard, therefore, the entity shall disclose in annual financial statements the effects of the revaluation on the carrying amount of these assets throughout their useful life.

101. The indexed non-current tangible assets of the entity do not meet the requirement of this Standard to account for non-current tangible assets and disclose such assets in financial statements at the acquisition cost or revaluation amount, therefore, if the indexed value of the non-current tangible assets is not adjusted, the entity shall disclose in annual financial statements the effects of such indexation on the carrying amount of the assets throughout their useful life.

102. This Standard shall be effective for financial statements covering periods beginning on or after 1 January 2004.

103. Provisions for the accounting treatment of investment property shall be effective for financial statements covering periods beginning on or after 1 January 2006. They may be applied in preparing financial statements for 2005.