

International Accounting Standards Board
30 Cannon Street
London
EC4M 6XH
United Kingdom

17 February 2016

Dear Board members,

Invitation to comment - Exposure Draft ED/2015/9 - Transfers of Investment Property - Proposed amendment to IAS 40 (ED)

Ernst & Young Global Limited, the central coordinating entity of the global EY organisation, welcomes the opportunity to offer its views on Exposure Draft ED/2015/9 - *Transfers of Investment Property (Proposed amendment to IAS 40)* issued by the International Accounting Standards Board (IASB or Board) in November 2015.

We support the fact that the IASB is addressing the topic identified in the ED. We agree with the clarifications in the ED regarding transfers to, or from, investment property, which will eliminate diversity in practice.

Our detailed responses to the specific questions asked in the ED are provided in Appendix A to this document.

Should you wish to discuss the contents of this letter with us, please contact Leo van der Tas on +44 (0)20 7951 3152.

Yours faithfully

Ernst + Young Global Limited

Appendix A

Question 1 - Proposed amendment

The IASB proposes to amend paragraph 57 of IAS 40 to:

- (a) state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property.
- (b) re-characterise the list of circumstances set out in paragraph 57(a)-(d) as a non-exhaustive list of examples of evidence that a change in use has occurred instead of an exhaustive list.

Do you agree? Why or why not?

Response:

Yes, we agree with the proposed amendment. We have always read paragraph 57 of IAS 40 as establishing a principle regarding transfers to, or from, investment property based on whether there is a change in use of the property, and providing examples of evidence that would support a change in use rather than a complete list of such evidence. However, we acknowledge that some have interpreted the list in paragraph 57 of IAS 40 as the only situations in which a transfer to, or from, investment property could be recognised. The proposed amendment clarifies the Board's intention and will eliminate diversity in current practice.

Question 2 - Transition provisions

The IASB proposes retrospective application of the proposed amendment to IAS 40.

Do you agree? Why or why not?

Response:

We agree with the proposed retrospective application of the proposed amendment for the reason given in the Basis for Conclusions to the ED.