



18 February 2016

Mr Hans Hoogervorst  
Chairman  
International Accounting Standards Board  
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Via online submission: [www.ifrs.org](http://www.ifrs.org)

Dear Hans

**Exposure Draft ED/2015/9: Transfers of Investment Property – Proposed amendments to AASB 140**

CPA Australia welcomes the opportunity to respond to the above Consultation. CPA Australia represents the diverse interests of more than 155,000 members in 118 countries. Our vision is to make CPA Australia the global accountancy designation for strategic business leaders. We make this submission on behalf of our members and in the broader public interest.

CPA Australia supports the proposed amendment to specify that a transfer to or from investment property should only occur when there is a change in use supported by evidence. We believe this will reduce divergence in practice in accounting for transfers to and from investment property.

We provide our specific comments in response to the questions below.

**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?**

We support the re-characterisation of the circumstances set out in paragraph 57(a)-(d) as a non-exhaustive list of examples of evidence that a change in use has occurred. We highlight below some specific comments for consideration in finalising these examples:

- The introduction to the Exposure Draft highlights the specific circumstance where a property under construction or development that was previously classified as inventory could be transferred to investment property when there is evidence of change in use. We suggest including this circumstance as one of the examples in paragraph 57.
- In the example provided in paragraph 57(c), end of owner-occupation may not always require a transfer to investment property. For example, end of owner-occupation could be followed by commencement of development with a view to sale, requiring a transfer to inventories rather than investment property. To address this, we suggest altering the example to state: “commencement of an operating lease to another party following end of owner-occupation, for a transfer from owner-occupied property to investment property”.

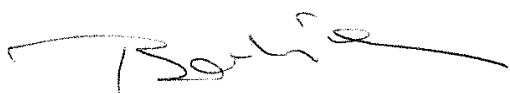
**Question 2—Transition provisions**

**The IASB proposes retrospective application of the proposed amendment to IAS 40. Do you agree? Why or why not?**

We support retrospective application of the proposed amendment. However, we recommend clarifying within the Basis for Conclusions that the retrospective application is relevant to the amendment proposed in the Exposure Draft, and not to any change in use, which should continue to be accounted for prospectively in accordance with paragraphs 57 to 65.

If you require further information on any of our views expressed in this submission, please contact Ram Subramanian, CPA Australia by email at [ram.subramanian@cpaaustralia.com.au](mailto:ram.subramanian@cpaaustralia.com.au).

Yours sincerely

A handwritten signature in black ink, appearing to read 'Eva Tsahuridu', with a long horizontal stroke extending to the right.

Dr Eva Tsahuridu  
**Manager – Accounting Policy**