



Grant Thornton

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ED/2015/9 Transfers of Investment Property (Proposed amendment to IAS 40)

Grant Thornton International Ltd is pleased to comment on the International Accounting Standards Board's (the Board) Exposure Draft ED/2015/9 *Transfers of Investment Property (Proposed amendment to IAS 40)*. We have considered the ED, as well as the accompanying draft Basis for Conclusions.

We agree with the proposed amendments, subject only to the comments set out in our response to the ED's Invitation to Comment in the attached Appendix.

If you have any questions on our response, or wish us to amplify our comments, please contact Mr. Stephen Miller, Senior Manager, Global IFRS team (stephen.miller@gti.gt.com or telephone + 44 207 391 9587).

Yours sincerely,

Kenneth C Sharp
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Responses to Invitation to Comment questions

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 agree with the proposed amendment. However, we also believe that future consistency of application would be enhanced by promoting the observation made in proposed paragraph BC3(b) in the Basis for Conclusions, to the end of amended paragraph 57: "On its own, a change in management's intention would not provide evidence of a change in use".

Question 2 – Transition provisions

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

We agree with the proposed transition provisions. However, we find the comments in proposed paragraph BC7 confusing. It seems to us that while transfers into or out of investment property *may* result in a change in measurement basis, this is not necessarily the result in all cases (eg a transfer from owner-occupied property under IAS 16 to investment property under the cost model). We suggest this discussion might instead focus on the application of new accounting policies applicable to the transferred asset, or comment that such transfers *may* result in a change in the measurement basis.