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Dear Mr Hoogervorst

Exposure Draft ED/2015/9 – Transfers of Investment Property- Proposed Amendment to IAS 40

Moore Stephens LLP is pleased to respond to the IASB on the proposed amendments to IAS 40 in relation to transfers of investment property.

We support the proposals as we consider they provide slightly greater clarity on transfers of investment property. However, we also consider that the proposals could go further in ensuring clarity and consistency.

Attached to this letter you will find Appendix 1 with our comments to the specific questions raised in the exposure draft.

If you wish to discuss any matters raised in this letter then please contact David Chopping, Partner (+44 (0) 207 651 1050).

Yours faithfully



Moore Stephens LLP

Appendix 1

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 proposal to clarify that the examples provided in paragraph 57 are not intended to be an exhaustive list.

We are however slightly concerned that the paragraph appears to deal only with properties which are not in the stage of initial development. We do not consider the paragraph, or the examples, provide sufficient clarity in relation to properties which are being developed. If it is the IASB's intention that properties in the initial stage of development cannot be reclassified (on the basis that at that stage this could only be a change in intent and not a change in use) we believe this should be stated. If, as we would prefer, such reclassifications should be allowed then we consider it would be necessary to provide an example of what evidence might be sufficient in these circumstances.

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 requirement that the proposed amendment be applied retrospectively.