



1 December 2015

To: **Members of the Hong Kong Institute of CPAs**  
**All other interested parties**

**INVITATION TO COMMENT ON IASB Exposure Draft  
ED/2015/9 *Transfers of Investment Property* (Proposed amendment to IAS 40)**

***Comments to be received by 19 February 2016***

The Financial Reporting Standards Committee (FRSC) of the Hong Kong Institute of Certified Public Accountants (Institute) is seeking comments on the IASB Exposure Draft which has been posted on the Institute's website at:

<http://www.hkicpa.org.hk/en/standards-and-regulations/standards/financial-reporting/exposure-drafts/>

The Exposure Draft proposes a narrow-scope amendment to IAS 40 *Investment Property* to clarify the guidance on transfers to, or from, investment properties.

Paragraph 57 of IAS 40 provides guidance on transfers to, or from, investment properties. However, it does not specifically address whether a property under construction or development that was previously classified as inventory could be transferred to investment property when there is an evident change in use.

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 a change in use of a property supported by evidence that a change in use has occurred; and
- (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.

The FRSC invites your comments on the proposals. Comments should be supported by specific reasoning and should be submitted in written form. To allow your comments to be considered in developing its response to the IASB, the FRSC requests for your comments by **19 February 2016**.

Comments may be sent by mail, fax or e-mail to:

Standard Setting Department  
Hong Kong Institute of Certified Public Accountants  
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Comments will be acknowledged and may be made available for public review unless otherwise requested by the respondent.