

Transfers of Investment Property (Amendments to FRS 140)

This Addendum sets out the amendments to FRS 140 Investment Property. An entity shall apply the amendments in this Addendum for annual periods beginning on or after 1 January 2018. Earlier application is permitted.

Paragraphs 57-58 are amended. Paragraphs 84C-84E and their related heading, paragraphs 85G and 85GAA are added. New text is underlined and deleted text is struck through. New paragraph added by MASB is underlined and the word “added” is included at the right side of the paragraph.

The following paragraphs were added / amended in 2011-2016 and are listed here for ease of reference:

Paragraph (s)	Document Title
85C	FRS 13 <i>Fair Value Measurements</i>
84A and 85D	<i>Annual Improvements to FRSs 2011-2013 Cycle</i>

Paragraphs 84B, 85E and 85F were not used.

Transfers

57 ~~**Transfers**~~ **An entity shall transfer a property to, or from, investment property ~~shall be made~~ when, and only when, there is a change in use, evidenced by. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management’s intentions for the use of a property does not provide evidence of a change in use.** **Examples of evidence of a change in use include:**

- (a) **commencement of owner-occupation, or of development with a view to owner-occupation,** for a transfer from investment property to owner-occupied property;

- (b) commencement of development with a view to sale, for a transfer from investment property to inventories;
- (c) end of owner-occupation, for a transfer from owner-occupied property to investment property; ~~or~~ and
- (d) ~~commencement~~ inception of an operating lease to another party, for a transfer from inventories to investment property.
- (e) [deleted by IASB]

58 ~~Paragraph 57(b) requires an entity to transfer a property from investment property to inventories when, and only when, there is a change in use, evidenced by commencement of development with a view to sale.~~ When an entity decides to dispose of an investment property without development, it continues to treat the property as an investment property until it is derecognised (eliminated from the statement of financial position) and does not ~~treat~~ reclassify it as inventory. Similarly, if an entity begins to redevelop an existing investment property for continued future use as investment property, the property remains an investment property and is not reclassified as owner-occupied property during the redevelopment.

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Transitional provisions

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Transfers of investment property

84C *Transfers of Investment Property* (Amendments to FRS 140), issued in December 2016, amended paragraphs 57–58. An entity shall apply those amendments to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments (the date of initial application). At the date of initial application, an entity shall reassess the classification of property held at that date and, if applicable, reclassify property applying paragraphs 7–14 to reflect the conditions that exist at that date.

- 84D Notwithstanding the requirements in paragraph 84C, an entity is permitted to apply the amendments to paragraphs 57–58 retrospectively in accordance with FRS 108 if, and only if, that is possible without the use of hindsight.
- 84E If, in accordance with paragraph 84C, an entity reclassifies property at the date of initial application, the entity shall:
- (a) account for the reclassification applying the requirements in paragraphs 59–64. In applying paragraphs 59–64, an entity shall:
 - (i) read any reference to the date of change in use as the date of initial application; and
 - (ii) recognise any amount that, in accordance with paragraphs 59–64, would have been recognised in profit or loss as an adjustment to the opening balance of retained earnings at the date of initial application.
 - (b) disclose the amounts reclassified to, or from, investment property in accordance with paragraph 84C. The entity shall disclose those amounts reclassified as part of the reconciliation of the carrying amount of investment property at the beginning and end of the period as required by paragraphs 76 and 79.

Effective date

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- 85G *Transfers of Investment Property* (Amendments to FRS 140), issued in December 2016, amended paragraphs 57–58 and added paragraphs 84C–84E. An entity shall apply those amendments for annual periods beginning on or after 1 January 2018. Earlier application is permitted. If an entity applies those amendments for an earlier period, it shall disclose that fact.

85GAA An entity that has in the alternative applied the Financial Reporting Standards shall apply the Malaysian Financial Reporting Standards Framework for annual periods beginning on or after 1 January 2018*. Such an entity shall apply Amendments to MFRS 140, instead of this Amendments, on or after 1 January 2018. | *added*

* See MASB announcement on 28 October 2015.

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