

Nasreen Vadachia

From: rainer.krauser@dzbank.de
Posted At: 07 May 2007 14:18
Conversation: Endorsement of IAS 23 - Borrowing Costs revised
Posted To: IAS 23 - borrowing costs
Subject: WG: Endorsement of IAS 23 - Borrowing Costs revised

Dear Sir or Madam,

since IAS 23 (revised) is equal to the ED proposed last year, we do not approve of its endorsement in the EU on the basis of our comments concerning the ED as set out below.

Kind regards
 Rainer Krauser

----- Weitergeleitet von Rainer Krauser/GF/Frankfurt/DZ BANK on 03.05.2007 14:03 -----

An: Bart.de.Leeuw@EFRAG.ORG
 Kopie: [Yvonne Donkoff/RW/Frankfurt/DZ BANK@DZBANK](mailto:Yvonne.Donkoff/RW/Frankfurt/DZ BANK@DZBANK)
 Thema: WG: IASB Exposure Draft on IAS 23 - Borrowing Costs

Dear Mr. de Leeuw,

please find below our mail to the EACB that sets out our position on the issue. .

Kind regards
 Rainer Krauser

----- Weitergeleitet von Rainer Krauser/RW/Frankfurt/DZ BANK on 18.07.2006 11:12 -----

An: m.roy@eurocoopbanks.coop
 Kopie: [Yvonne Donkoff/RW/Frankfurt/DZ BANK@DZBANK](mailto:Yvonne.Donkoff/RW/Frankfurt/DZ BANK@DZBANK)
 Thema: IASB Exposure Draft on IAS 23 - Borrowing Costs

Dear Mr. Roy,

we take position against the removal of the existing option of immediate recognition of borrowing costs for qualifying assets as an expense.

We recognise that the proposed change aims at reaching a higher level of convergence between IFRSs and US GAAP. However, the amounts capitalised as borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset will remain different, since the composition of the costs and the calculation techniques are not identical under the two accounting systems. Therefore we think that the elimination of the option to immediately expense borrowing costs would not be of significant benefit to users of financial reports. Preparers who currently expense their borrowing costs would have to make extra efforts to calculate the amounts that do not result in additional benefits for users. Especially, there is frequently uncertainty about the exact structure of the refinancing for a qualifying asset and allocation of amounts to that asset. Preparers who wish to capitalise borrowing costs may already do so under the existing IFRS 23. For those reasons we are not in favour of the proposed changes. We think that the current option should remain effective until a more uniform approach is developed that reaches a higher level of convergence between IFRSs and US GAAP in accounting for borrowing costs.

22/05/2007