

The Group of 100 Incorporated
Level 28, 385 Bourke Street
Melbourne VIC 3000 AUSTRALIA
www.group100.com.au
Telephone: (03) 9606 9661
Facsimile: (03) 9670 8901
Email: g100@group100.com.au
ABN: 83 398 391 246

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Mr David Boymal
Chairman
Australian Accounting Standards Board
PO B^x 204
COLLINS STREET WEST VIC 8007

Dear David

**ED 149 Proposed Amendments
to AASB 123 Borrowing Costs**

The Group of 100 which represents the interests of CFOs of major business enterprises in Australia is pleased to provide comment on ED 149. The G100's basic approach is that the recognition, measurement and disclosure requirements of IASB Standards should be adopted in their entirety and that Australian requirements should be added only where it is necessary to deal with special features of domestic legislation.

AASB questions:

1. *Are there any regulatory issues or other issues arising in the Australian environment that may affect the implementation of the proposals, particularly any issues relating to:*
 - i. *not-for-profit entities; and*
 - ii. *public sector entities?*

No.

2. *Are the proposals are in the best interests of the Australian economy?*

Yes.

IASB questions:

1. *The Exposure Draft proposes to eliminate the option in IAS 23 of recognising immediately as an expense borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. Do you agree with the proposal? If not, why? What alternative would you propose and why?*

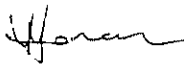
Yes. The G100 supports the capitalisation of borrowing costs as part of the cost of a qualifying asset.

2. *The Exposure Draft proposes that entities should apply the amendments to borrowing costs for which the commencement date for capitalisation is on or after the effective date. However, an entity would be permitted to designate any date before the effective date and to apply the proposed amendments to borrowing costs relating to all qualifying assets for which the commencement date for capitalisation is on or after that date.*

Do you agree with the proposal? If not, why? What alternative would you propose and why?

Yes. While the G100 supports proposals to permit an entity to select an earlier date to adopt the amended requirements. However, where an entity avails itself of application of the requirements from an earlier date than the effective date this will mean that items that have previously been expensed will be reinstated and included in the carrying amount of the qualifying asset. We believe that the Basis for Conclusions should discuss the acceptable treatment of these reinstatements under AASB 108/IAS 8 'Accounting Policies, Changes in Estimates and Errors'.

Yours sincerely



Tom Honan
National President