

6 April 2009

ED 176 sub 5

Mr Bruce Porter
Acting Chairman
Australian Accounting Standards Board
PO BOX 204
COLLINS ST WEST VIC 8007

Email: standard@asb.gov.au

Dear Bruce

ED 176 Proposed Amendments to Australian Accounting Standards – Borrowing Costs of Not-for-Profit Public Sector Entities

CPA Australia, the Institute of Chartered Accountants in Australia and the National Institute of Accountants (the Joint Accounting Bodies) are pleased to respond to the Exposure Draft ED 176 Proposed Amendments to Australian Accounting Standards – Borrowing Costs of Not-for-Profit Public Sector Entities.

The Joint Accounting Bodies represent over 180,000 professional accountants. Our members work in diverse roles across public practice, commerce, industry and academia throughout Australia and internationally.

The Joint Accounting Bodies support the principle adopted in the [proposed] amending Standard to immediately expense borrowing costs, except in certain specific circumstances, as best able to provide information that is both relevant and able to accommodate the fungible nature of cash (which makes it difficult to distinguish what funds are borrowed for what purpose). Accordingly, we would like to see the application of the [proposed] amending Standard extended, so that all not-for-profit entities can choose whether to expense or capitalise borrowing costs that are directly attributable to the acquisition, construction or production of qualifying asset.¹

If you require further information on any of our views, please contact Mark Shying, CPA Australia via email mark.shying@cpaaustralia.com.au, Kerry Hicks, the Institute via email kerry.hicks@charteredaccountants.com.au or Tom Ravlic by email tom.ravlic@nia.org.au.

Yours sincerely



Geoff Rankin
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Graham Meyer
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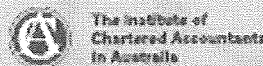
cc: M Shying / K Hicks / T Ravlic

¹ The Joint Accounting Bodies agree that in respect of not-for-profit public sector entities, that choice would be subject to the requirement of AASB 1049 Whole of Government and General Government Sector Financial Reporting.

Representatives of the Australian Accounting Profession



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