

IAS 16 Property, plant and equipment (May 2014)

Disclosure of carrying amounts under the cost model

The Interpretations Committee received a request for clarification about IAS 16. The submission relates to whether an entity is required to reflect the capitalisation of borrowing costs to meet the disclosure requirement in paragraph 77(e) of IAS 16 for assets stated at revalued amounts for which borrowing costs are not capitalised in accordance with paragraph 4(a) of IAS 23 *Borrowing Costs*. The submitter asserted that the capitalisation of borrowing costs for these assets to meet disclosure requirements is burdensome and suggested that it should not be a requirement of IAS 16 to capitalise these costs.

The Interpretations Committee noted that the requirements in paragraph 77(e) of IAS 16 are clear. This paragraph requires an entity to disclose the amount at which assets stated at revalued amounts would have been stated at had those assets been carried under the cost model. The amount to be disclosed includes borrowing costs capitalised in accordance with IAS 23. The Interpretations Committee determined that, in the light of the existing IFRS requirements, neither an Interpretation nor an amendment to a Standard was necessary and consequently decided not to add this issue to its agenda.