

11 December 2007

Robert Garnett, Chairman
International Financial Reporting Interpretations Committee
30 Cannon Street
London EC4M 6XH
United Kingdom
Email: ifric@iasb.org

Dear Mr Garnett

Tentative Agenda Decision: IAS 23 *Borrowing Costs* (as revised in 2007)—Foreign exchange and capitalisable borrowing costs

Deloitte Touche Tohmatsu is pleased to respond to the IFRIC's publication in the November 2007 *IFRIC Update* of the tentative decision not to take onto the IFRIC's agenda a request for an Interpretation of IAS 23 *Borrowing Costs* (as revised in 2007) with respect to foreign exchange and those borrowing costs that are eligible for capitalisation.

We support the IFRIC's decision not to take this item to the agenda.

We agree that how an entity applies IAS 23 to foreign currency borrowings is an accounting policy choice and that IAS 1 *Presentation of Financial Statements* requires clear disclosure of significant accounting policies that are relevant to an understanding of the financial statements. We note that, in amending IAS 23, the IASB chose not to eliminate differences between FAS 34 *Capitalization of Interest Cost*, one of which is that IAS 23 encompasses 'exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs' (BC20). Consequently, we believe that the IASB was willing to accept some diversity in practice given that it was not reconsidering other aspects of IAS 23.

In addition, we agree that since the IASB considered this issue when amending IAS 23 in 2007 and decided not to develop further guidance in this area it would be premature for the IFRIC to develop such guidance.

If you have any questions concerning our comments, please contact Ken Wild in London at +44 (0)20 7007 0907.

Sincerely,

A handwritten signature in black ink, appearing to read "Ken Wild", written over a horizontal line.

Ken Wild

Global IFRS Leader

cc: Tricia O'Malley, IFRIC Coordinator