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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels,
COM(2008)

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Draft

COMMISSION REGULATION (EC) No .../..

of [...]

amending Regulation (EC) No 1725/2003 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Accounting Standard (IAS) 23

(Text with EEA relevance)

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(Text with EEA relevance)

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards¹, and in particular Article 3(1) thereof,

Whereas:

- (1) By Commission Regulation (EC) No 1725/2003² certain international standards and interpretations that were extant at 14 September 2002 were adopted.
- (2) On 29 March 2007, the International Accounting Standards Board (IASB) published a revised International Accounting Standard (IAS) 23 Borrowing Costs, hereinafter "revised IAS 23". The revised IAS 23 eliminates the option in IAS 23 of recognizing borrowing costs immediately as an expense to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset. All such borrowing costs shall be capitalised and form part of the cost of the asset. Other borrowing costs should be recognised as an expense. The revised IAS 23 supersedes IAS 23 Borrowing Costs revised in 1993.
- (3) The consultation with the Technical Expert Group (TEG) of the European Financial Reporting Advisory Group (EFRAG) confirms that the revised IAS 23 meets the technical criteria for adoption set out in Article 3(2) of Regulation (EC) No 1606/2002.
- (4) Regulation (EC) No 1725/2003 should therefore be amended accordingly.

¹ OJ L 243, 11.9.2002, p. 1. Regulation as last amended by Regulation (EC) No 297/2008 (OJ L 97, 9.4.2008, p. 62)

² OJ L 261, 13.10.2003, p. 1. Regulation as last amended by Regulation (EC) No 1358/2007 (OJ L 304, 22.11.2007, p. 9).

- (5) The measures provided for in this Regulation are in accordance with the opinion of the Accounting Regulatory Committee,

HAS ADOPTED THIS REGULATION:

Article 1

In the Annex to Regulation (EC) No 1725/2003, International Accounting Standard IAS 23 (revised 1993) Borrowing Costs is replaced by International Accounting Standard IAS 23 (revised 2007) Borrowing Costs as set out in the Annex to this Regulation.

Article 2

Each company shall apply IAS 23 (revised 2007), as set out in the Annex to this Regulation, at the latest, as from the commencement date of its first financial year starting after 31 December 2008.

Article 3

This Regulation shall enter into force on the **third** day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, [...]

For the Commission
Charlie McCreevy
Member of the Commission

ANNEX

INTERNATIONAL ACCOUNTING STANDARDS	
IAS 23	IAS 23 <i>Borrowing Costs</i> (Revised 2007)

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