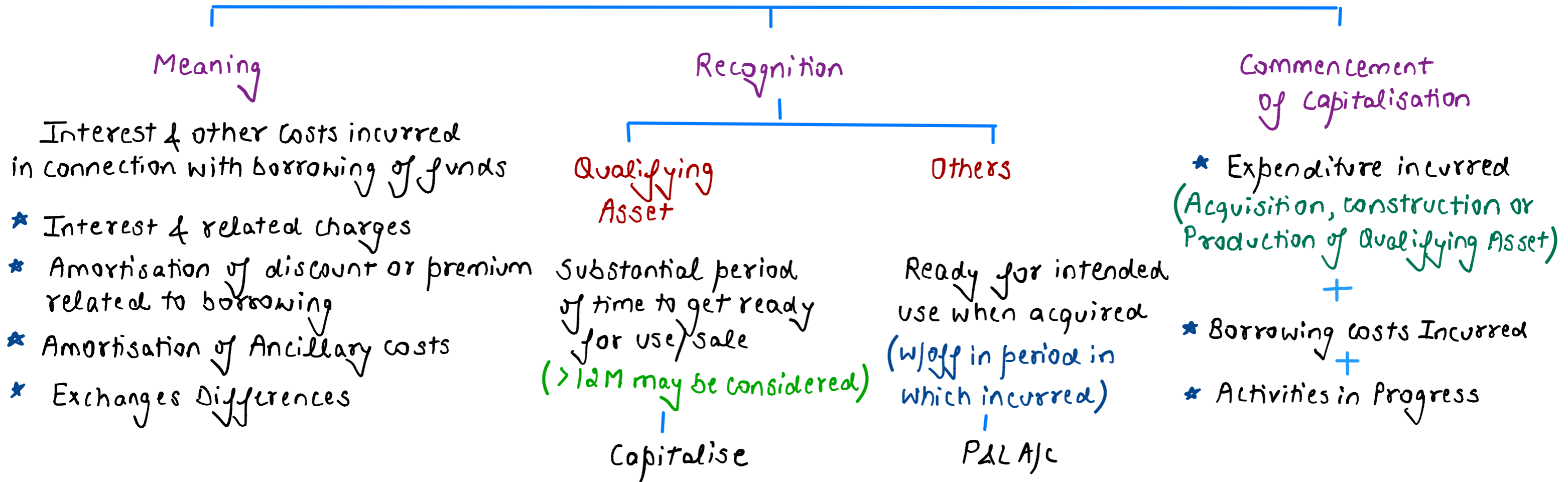


# AS 16 : Borrowing Costs



## Borrowing costs eligible for capitalisation

### Specific Borrowing

Actual Borrowing costs incurred  
(-) Income on Temporary Investment

### General Borrowing

$$\text{Capitalisation Rate} = \frac{\text{Borrowing costs on General Borr.}}{\text{Weighted Avg. General Borr. o/s}} \times 100$$

### Amount Capitalised :

$$\text{Expenditure incurred on Qualifying Asset} \times \text{Cap. Rate} \times \frac{\text{Months}}{12}$$

(After utilising Specific Borrowing)

Note : Amount capitalised cannot exceed Borrowing costs

