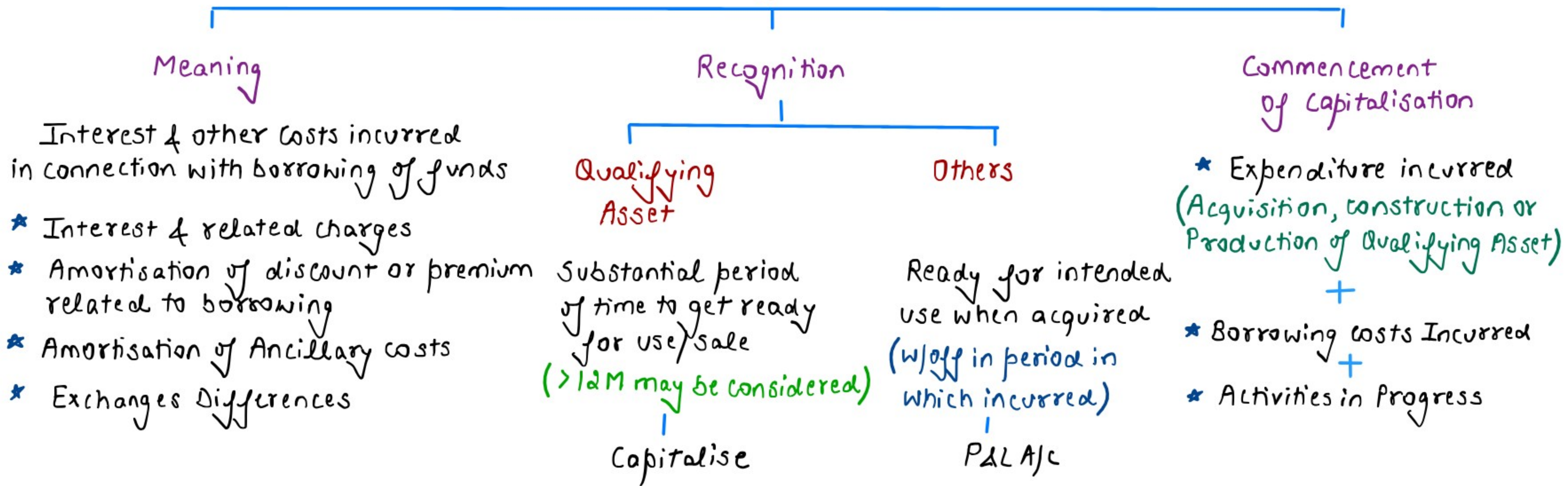


AS 16: Borrowing Costs



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:

Expenditure incurred on Qualifying Asset \times Cap. Rate $\times \frac{\text{Months}}{12}$
(After utilising Specific Borrowing)

Note: Amount capitalised cannot exceed Borrowing costs

