

Swiss Financial Reporting Advisory Committee (SRS-CSPCP)

Swiss Comments to the Exposure Draft 35: Borrowing Costs

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1. Introduction

During its last meeting on November 5, 2008, the Swiss Financial Reporting Advisory Committee agreed upon the following a statement for the attention of the IPSAS Board. The so-called Swiss financial reporting advisory Committee (acronym: SRS-CSPSP) was set up by the Swiss federal ministry of finance together with the Ministers of finance at the cantonal level. One of its aims is to provide the IPSAS Board with a consolidated taking of stand for all the three Swiss level of government (municipalities, cantons and Confederation)

2. Comments from the SRS-CSPCP to the Exposure Draft 35

There are only little amendments in the Exposure Draft 35 to IPSAS 5 „Borrowing Costs“. The amendments concern especially different technical adaptations of modifications in IFRS. However, different to the IFRS, borrowing costs are normally charged the current year. A capitalisation and amortization are only possible in specific cases. The SRS-CSPCP does agree on this difference.

During the SRS-CSPCP meeting two specific issues were raised. However, these two issues should not be adjusted in the ED.

- a) The possibility to subsume the agio and disago under “Amortization of discounts or premiums relating to borrowings”
- b) The possibility to choose either to immediately charge the borrowing cost or to capitalise and amortize them increases the difficulty to compare public bodies which are using different methods.

To summarize, the SRS-CSPCP does fully agree on the amendments in ED 35 to IPSAS 5 „Borrowing Costs“, and does therefore support the proposed ED35 without any special comments.

Chavannes-Lausanne, January 6, 2009