Borrowing Costs and Government Grants: IAS 23 and IAS 20

CertiFi micro-credential

1 course · 5 lessons · about 3 study hours · issued 28 Nov 2026

IFRS-13

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About 3 study hours · 5 lessons · pass mark 70% · AED 299

Two standards that decide whether money goes to the balance sheet or to profit. Following an Abu Dhabi distributor that builds its own warehouse, you will identify qualifying assets, calculate the interest to capitalise from specific and general borrowings, and know when to start, pause and stop. You will then recognise and present government grants, including grants of land, wage support and low-interest loans. This is a CertiFi certificate of completion and is not a qualification of the IFRS Foundation.

On completion, you will be able to:

- Identify qualifying assets and the borrowing costs eligible for capitalisation
- Calculate capitalised interest from specific and general borrowings
- Apply the rules on commencement, suspension and cessation
- Recognise government grants and match them to the related costs
- Present grants related to assets and to income, and account for repayment and low-interest loans

Learning outcomes by lesson

1. Borrowing costs: the principle and qualifying assets

- State the core principle of IAS 23
- Identify a qualifying asset
- List what counts as a borrowing cost
- Apply the scope exclusions

2. How much to capitalise

- Calculate capitalised interest on a specific loan
- Calculate a capitalisation rate for general borrowings
- Apply the cap on the amount capitalised
- Record the entries

3. Start, pause and stop

- Identify the commencement date
- Suspend capitalisation when work is interrupted
- Stop capitalisation at the right time
- Disclose borrowing costs

4. Government grants: recognition

- Define a government grant and government assistance
- Apply the recognition test
- Match the grant to the related costs
- Measure non-monetary grants and low-interest loans

5. Presenting grants, repayment and disclosure

- Present grants related to assets
- Present grants related to income
- Account for repayment of a grant
- Disclose grants and assistance