



- I. Recognition capitalization of borrowing cost
- II. The principles of preparation and presentation of current and non-current asset items on statement of financial position

I. Recognition capitalization of borrowing cost?

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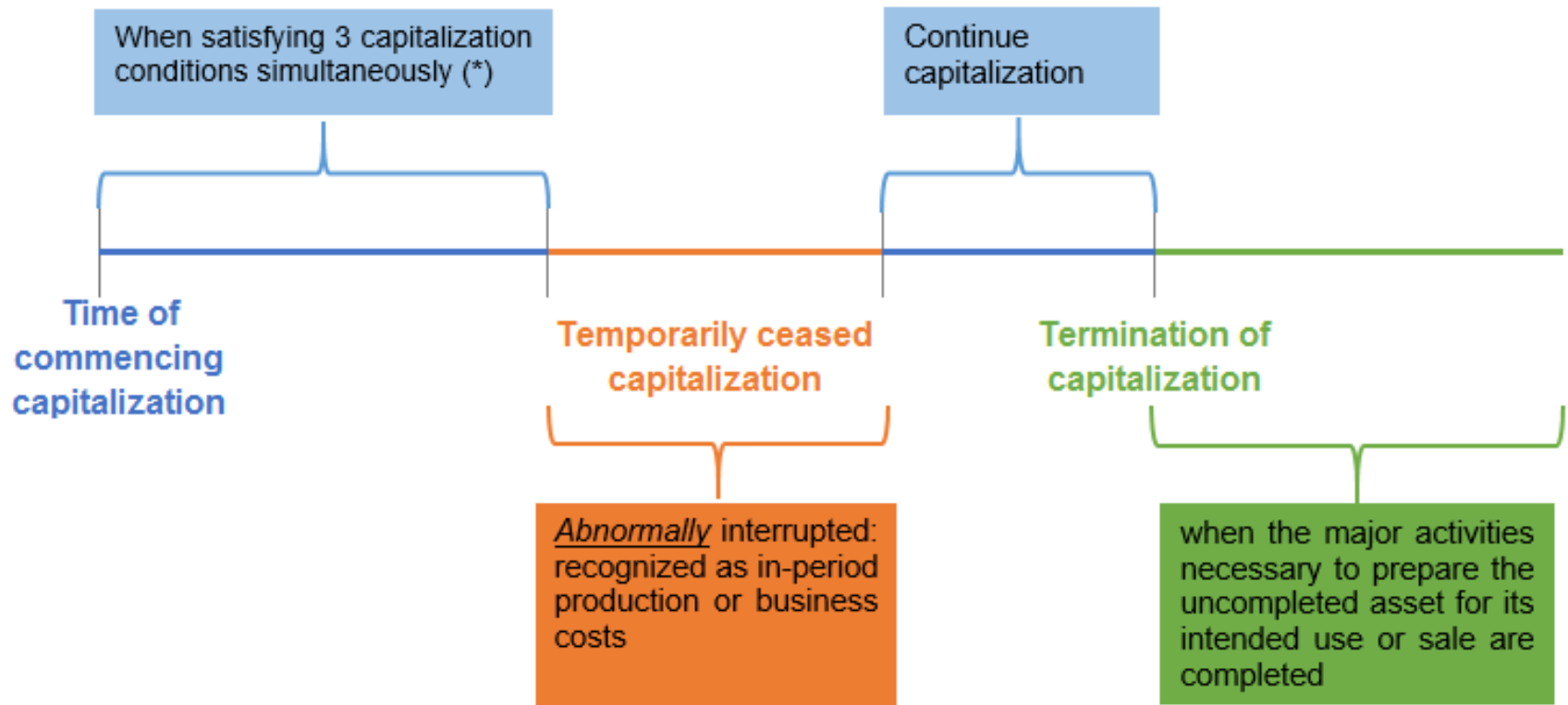
In cases where a particular borrowing is used only for the purpose of construction investment or production of an uncompleted asset, the borrowing cost fully eligible for capitalization for such uncompleted asset shall be determined as borrowing cost actually arising from borrowings minus (-) incomes earned from temporary investments of such borrowings.

2

In case of joint capital borrowings, which are used for the purpose of investment in construction or production of an uncompleted asset, the borrowing costs eligible for capitalization in each accounting period shall be determined according to the capitalization rate for weighted average accumulated costs incurred to the investment in construction or production of such asset.

Notes when capitalizing borrowing costs

This note is illustrated as follows:



Notes when capitalizing borrowing costs

Time of commencing capitalization (*):

Capitalization of borrowing costs into the value of an uncompleted asset shall commence when the following conditions are simultaneously satisfied:

- Expenses for investment in construction or production of the uncompleted asset start to arise
- Borrowing costs are arising
- Activities that are necessary to prepare the uncompleted asset for its intended use or sale are being conducted

Temporarily ceased capitalization:

- The capitalization of borrowing costs shall be temporarily ceased in periods during which the investment in construction or production of uncompleted assets is interrupted, except for cases where such interruption is necessary
- The be recognized as in-period production or business costs until the investment in construction or production capitalization of borrowing costs shall be temporarily suspended when the investment in construction or production of uncompleted assets is abnormally interrupted. At that time, incurred borrowing costs shall of uncompleted assets resume

Termination of capitalization:

- The capitalization of borrowing costs shall terminate when the major activities necessary to prepare the uncompleted asset for its intended use or sale are completed. Borrowing costs arising afterward shall be recognized as in-period production or business costs
- When the investment in construction of an uncompleted asset is completed in parts and each completed part is capable of being used while the construction investment continues for the other parts, the capitalization of borrowing costs shall terminate when all major activities necessary to prepare that part for its intended use or sale are completed

The investment period for asset construction must be long enough (over 12 months) Regarding loans serving the construction of fixed assets, investment properties, and the interests shall be capitalized even if the construction duration is under 12 months. (According article 54 – Circular No.200/2014/TT-BTC dated 22 December 2014 – on guidelines for accounting polices for enterprises)

II. The principles of preparation and presentation of current and non-current asset items on statement of financial position

In Articles 102 and 112 at Circular 200/2014 / TT-BTC dated 22 December 2014, the presentation principles of current and non-current asset items on Statement of financial position as follows:

- Assets whose maturity is within 12 months or a production cycle, the ordinary business from the time the report is classified as short-term
- Assets which are not classified as short term are classified as long-term
- When preparing financial statements, accountants must reclassify assets classified as long-term in the previous period whose maturity is within 12 months or a production cycle, the ordinary business from the time the report is classified as short-term
- For enterprises which due to the nature of operations cannot rely on the operating cycle to distinguish between short term and long term, the assets are presented under decreasing liquidity

II. The principles of preparation and presentation of current and non-current asset items on statement of financial position

In Clause 1.4 Article 112 Circular 200/2014/TT-BTC dated 22 December 2014, the presentation principles of current and non-current asset items on Statement of financial position as follows:

The remaining term from the date of reporting

Current: within 12 months or a normal operating cycle of enterprises at the time of reporting

- Trading securities (Code 121)
- Provision for trading securities (Code 122)
- Held to maturity investments
- Current trade receivables (Code 131)
- Current advances to suppliers (Code 132)
- Current intra-company receivables (Code 133)
- Current loan receivables (Code 135)
- Other current receivables (Code 136)
- Provision for doubtful debts (Code 137)

Non-current: more than 12 months or more than one normal operating cycle at the time of reporting

- Non-current trade receivables (Code 211)
- Non-current advances to suppliers (Code 212)
- Operating capital in dependent units (Code 213)
- Intra-company non-current receivables (Code 214)
- Non-current loan receivables (Code 215)
- Other non-current receivables (Code 216)
- Provision for doubtful non-current receivables (Code 219)
- Held to maturity investments (Code 255)

The expiration of the contract

Current: within 12 months or a normal operating cycle of enterprises at the time of reporting

- Current prepayments (Code 151)

Non-current: more than 12 months or more than one normal operating cycle at the time of reporting

- Non-current prepayments (Code 261)

The rotating term at the date of reporting

Current: within a normal operating cycle of enterprises

- Inventories (Code 141)
- Provision for decline in value of inventories (Code 149)

Non-current: more than one normal operating cycle at the time of reporting

- Non-current work in progress (Code 241)
- Construction in progress (Code 242)

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