Revised Proposal Attachment 5.22 Finance Policy - Capitalisation

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Framework - Finance

Purpose

This finance framework aims to ensure a consistent and uniform application of accounting principles throughout the Ausgrid Group's financial reporting processes, while also ensuring compliance with Australian Accounting Standards and ensuring reliability of financial information.

Applies to

All staff

Introduction

This framework details the reporting requirements of applicable accounting standards with the view to assist employees through their accounting and reporting requirements. All financial statements prepared for entities within the Ausgrid Group, should be prepared in accordance with this framework.

Sections

Abbreviations

AAP	Ausgrid Asset Partnership
AFPL	Ausgrid Finance Pty Ltd
AMPL	Ausgrid Management Pty Ltd
ANS	Ancillary Network Services
AOP	Ausgrid Operator Partnership
ASP	Accredited Service Providers
AUC	Assets Under Construction
CGU	Cash Generating Unit
CPI	Consumer Price index
DCF	Discounted Cash Flow
FBT	Fringe Benefits Tax
GST	Goods and Services Tax
PC	Practical Completion

PCB	Polychlorinated Biphenyls
PES	Plus ES Partnership
PPE	Property, Plant and Equipment
VIM	Vendor Invoice Management
VIU	Value In Use

Roles and responsibilities

Role	Responsibilities
Chief Financial Officer	• Approving the Finance Framework • Providing appropriate resources to support the management of the Finance Framework
Head of Tax and Reporting	• Updating the Finance Framework • Monitoring adherence to the Finance Framework
Head of Commercial Finance Head of Finance Operations Head of Tax and Reporting	• Reporting of any compliance issues • Providing accounting advice to divisions with respect to the Finance Framework

Section 1 – Capitalisation

Overview

Property, plant and equipment (**PPE**) consists of a network or a non-network asset. All costs relating to a network asset that meet the capitalisation criteria are capitalised and all costs relating to a non-network asset above $1,000 are capitalised.

Details

The following costs are required to be capitalised in PPE:

Direct costs
Direct costs include:

- purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and
- any costs directly attributed to bringing the PPE to the location and condition necessary for it to be capable of operating in the manner intended by management; including the following examples:
  - costs arising directly from the construction or acquisition of the PPE including certain ancillary network service costs (e.g. inspection costs and substation commissioning costs);
  - costs of employee benefits (including direct labour and labour on-costs);
  - costs of materials and contracted services;
  - site preparation costs;
  - initial delivery and handling costs;
  - installation and assembly costs;
  - costs of testing whether the asset is functioning properly; and
  - professional fees (e.g. legal fees related to the purchase or construction of PPE).

Indirect costs
Indirect costs relating to the construction of the particular PPE are to be capitalised on a predetermined cost driver depending on the type of overhead.

Replacement costs
Expenditure incurred to replace a major component of the PPE is to be capitalised when it satisfies the following criteria:

- enhances the economic benefits in excess of its previously assessed standard of performance;
- replaces or restores a component of the PPE that has been treated separately for depreciation purposes and depreciated over its useful economic life;
- relates to a major overhaul that restores the economic benefits of the PPE that has been consumed and has already been reflected in depreciation;
- reduces significantly the ongoing maintenance costs of the PPE; or
- extends the service life of the PPE beyond that expected when it was originally installed.

The carrying value of the replaced PPE (i.e. the old PPE), if any, shall be written

off.

Decommissioning and make good
An initial estimate of the cost of decommissioning and/or making good (i.e. dismantling and removing the PPE and restoring the site to its original condition) should be included in the cost of PPE. At the same time, a provision representing the present value of the expected cash outflow for decommissioning costs is also recognised. The initial estimate is regularly re-assessed and updated where necessary, unless any decrease in the liability exceeds the carrying amount of the PPE, in which case, it is recognised in profit or loss immediately.

Capitalised borrowing costs
Borrowing costs should be capitalised if attributable to qualifying assets of Capital Projects, which are greater than $10 million and take more than twelve months to complete. Capital projects include all network and non-network capital projects but exclude:

- purchase of land for strategic purposes when no development activity occurs; or
- capital projects funded by government grant or capital contribution.

Capitalisation threshold - applicable only to non-network assets
Non-network assets with an acquisition cost of more than $1,000 should be capitalised. The $1,000 threshold is determined with reference to each project (e.g. computer system, office furniture or smart meters). Bulk assets should be aggregated together when applying the capitalisation threshold tests (e.g. office chairs bought in bulk at less than $1,000 each should be capitalised as the total project cost will be greater than $1,000).

References

Section 10 – Provisions
AASB 116 *Property Plant and Equipment*
AASB 123 *Borrowing Costs*
AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*

Definitions

Borrowing costs
Borrowings costs are interest and other costs that the entity incurs in connection with the borrowing of funds which may include; interest, amortisation of ancillary costs, finance charges, and exchange differences.

Depreciation (amortisation)
Depreciation is the systematic allocation of the cost of an asset over its useful life.

Directly attributable costs
Directly attributable costs are costs that are directly incurred in the preparation of the asset for its intended use. These costs would be avoided if the assets had not been made, such as:

- costs of employee benefits, materials and services arising directly from generating the asset or bringing the asset to its working condition;
- professional fees relating directly from bringing the assets to its working condition; and
- costs of testing whether the asset is functioning properly.

Indirect costs
Indirect costs are costs not directly booked to projects. These are mainly indirect labour costs of a cost centre, or the allocation of items such as vehicle costs attributed to the projects.

Qualifying asset
A “qualifying asset” is an asset that takes more than 12 months to get ready for its intended use or sale. Expenditures on a qualifying asset include only those expenditures that have resulted in payments of cash, transfers of other assets, or the assumption of interest-bearing liabilities. They are reduced by any progress payments or grants received.

Network assets
Network assets are those physical assets that directly form part of the entity’s transmission, sub-transmission or distribution networks (e.g. transmission, sub-transmission and distribution substations, feeders, mains, and network related land and buildings).

Non-network assets
Non-network assets are physical assets not forming part of the entity’s electricity distribution network (i.e. corporate land and building, furniture, office machines and photocopiers, plant and tools, radio equipment, telephones, computer equipment (e.g. personal computers, laptops, printers), computer hardware (and can only include the integral software which is required to operate the system), fleet and mobile phones).

Section 2 – Intangible assets

Overview

Intangible assets that are acquired externally or internally generated by the entity are stated at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the intangible asset to which it relates. All other expenditure is expensed as incurred.

Details

Intangible assets comprise the following three categories; internally generated intangible assets, separately acquired intangible assets, and goodwill.

Internally generated intangible assets
The creation of an internally generated intangible asset is made up of the research phase and the development phase. Only costs incurred in the development phase are capitalised, with any research costs expensed as incurred. If it is not possible to distinguish the research phase from the development phase then the expenditure on that project should be considered as part of the research phase and expensed.

Computer software development
Computer software development costs to be capitalised include labour, materials, contracted services and other direct expenses, but exclude training, general and administrative overheads. Capitalisation of costs begins when the preliminary project stage is completed and the business case is approved.

Separately acquired intangible assets
The cost of a separately acquired intangible asset includes the purchase price and all directly attributable costs necessary to prepare the asset to be capable of operating in the manner intended by management. Examples include survey fees, legal costs, compensation, ground clearance and fencing.

Computer software
Computer software purchased externally is to be recognised as an intangible asset and amortised over the life of the software.

Easements
Easements are accounted for as intangible assets on the basis that an easement is considered an “interest” in land or a collection of rights that is intangible in nature.

Licences
Licenses are accounted for as intangible assets, and amortised over the term of the license.

Goodwill
Goodwill, representing the excess of the cost of an acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired, is recognised as an asset as part of a business combinations.

Capitalisation threshold
The costs of assets that form part of a project should be aggregated together when applying the below capitalisation thresholds.

Externally acquired software
Application software purchased from sources external to the entity is capitalised if

the amount is greater than $1,000.

Internally developed software
In house development costs for new software systems or major enhancements to existing systems will be capitalised where the development costs exceed $1,000.

Useful life
The useful life of an intangible asset is assessed as either finite or indefinite. An intangible asset with a finite useful life is amortised on a straight-line basis over its useful life. Intangible assets with indefinite lives are not amortised.

- The estimated useful life for computer software is one to four years.
- Easements are granted for an unlimited time and therefore are classified as an indefinite life intangible asset and not amortised.

Impairment
Intangible assets are assessed for impairment in accordance Section 8 – Impairment of assets.

References

Section 5 – Business combinations
Section 1 – Capitalisation
Section 8 – Impairment of assets
AASB 138 *Intangible Assets*

Definitions

Development phase
Development phase is the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services before the start of commercial production or use.

Fair value
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly, arm's length transaction between market participants at the measurement date.

Identifiable
An asset is identifiable if it either (a) is separable; or (b) arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

Major enhancement
A major enhancement to existing software is related to modifications that enable the software to perform tasks that it was previously incapable of performing, I.e. must result in one or more of the following: increased functionality, increased capacity, or increased useful life.

Research phase
Research is original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding.

Useful life
Useful life is the period of time over which an asset is expected to be used by the entity.

Section 9 – Fixed assets

Overview

The entity will capitalise an item of PPE at its cost, i.e. the price paid at the time of acquisition and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of self-constructed assets comprise of the aggregate costs of materials, labour costs and all other inputs used in the construction.

The entity applies the cost model which requires PPE to be held at historical cost less any accumulated depreciation and accumulated impairment losses.

Details

Depreciation

Depreciation is charged to the profit or loss on a straight-line basis over the estimated useful lives of each part of an item of PPE. The estimated useful lives applied to assets by the entity are as follows:

Categories	Useful life (years)
• Buildings	40 - 60
• Network assets	
– IT	4 - 10
– Meters	3 - 15
– Transmission and distribution	35 - 50
– Mains	45 - 60
– Tunnels	70
• Plant and equipment	3 - 25

The entity will review depreciation methods, useful lives and residual values at each reporting date and adjust if appropriate.

Derecognition of PPE

PPE is derecognised when disposed of or no future economic benefits are expected from its use or disposal. Any gain or loss on the derecognition of an item of PPE is recognised as a difference between the net disposal proceeds and the carrying amount in the profit or loss.

Assets under construction (**AUC**)

Until a project reaches practical completion, costs are capitalised into AUC. The entity shall settle AUC to fixed assets, and commence depreciation, at the point when the asset or distinct parts of the asset are “available for use” or considered to have reached practical completion.

For large scale capital projects, where various phases of construction correspond to project milestones, the entity shall settle major components of assets at the relevant milestone from AUC to fixed assets.

Non-current assets held for sale (**AHS**)

The entity shall classify non-current assets and disposal groups as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through their continuing use and the appropriate level of management has approved the sale. AHS will be measured at the lower of their carrying amount and fair value less costs to sell.

Once classified as AHS, depreciation ceases and the asset is presented

separately in the statement of financial position as an “asset held for sale” (as a current asset). For an asset or disposal group to be classified as held for sale, it must be available for immediate sale in its present condition and its sale must be highly probable.

References

Section 1 – Capitalisation
Section 8 – Impairment of assets
AASB 5 Non-current Assets Held for Sale and Discontinued Operations
AASB 116 Property, Plant & Equipment
AASB 138 intangible Assets

Definitions

Assets under construction (**AUC**)
AUC represent work in progress of capital projects and prior to the capital project being “available for use” or at “practical completion” stage. Since assets are built from component parts over a period of time, the amount will be presented in the balance sheet as “assets under construction”. No depreciation will be calculated on assets under construction.

Discontinued operation
A component of an entity that either has been disposed of or is classified as held for sale and:

a) represents a separate major line of business or geographical area of operations,

b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or

c) is a subsidiary acquired exclusively with a view to resale.

Disposal group
Disposal group is defined as a group of assets, and the liabilities directly associated with those assets, that are to be disposed of together as a group in a single transaction.

Practical completion (**PC**)
Practical completion of a project indicates the intended outcomes of the project have been delivered, but works and/or expenses associated with finalisation may still be outstanding. For example, outstanding items may include:

- reinstatement works performed by local authorities;
- retentions held as a warranty against contracted services;
- finalisation of defects;
- post-implementation review and ‘as built’ design updates; or
- receipt of final invoices.

For network practical completion, the intended network outcome includes:

- electrical fit-out or connections have been completed,
- the site is fit for purpose; and
- the asset is “commissioned”, bearing load, thus forming a recognisable part of the entity’s network.

Finance Procedure – Capitalisation

Purpose

This procedure is to be read in conjunction with the Finance Framework. It aims to provide further explanation of the application and treatment of accounting principles outlined in the Finance Framework: Section 1 – Capitalisation.

Applies to

All staff

References

Finance Framework: Section 1 – Capitalisation
AASB 116 *Property, Plant and Equipment*
AASB 123 *Borrowing Costs*
AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*

Introduction

Costs are capitalised where the costs will result in future economic benefits. Capitalised costs are made up of direct and indirect costs. The cost of replacing property, plant and equipment (**PPE**) shall only be capitalised when it enhances the performance of the previous asset, otherwise it is expensed.

Overview

Ancillary network service (ANS)

Introduction

ANS are classified as alternate control services (**ACS**), meaning that the cost of providing the ANS cannot be recovered from general network tariffs but rather must be recovered from specific individual charges for each service.

Details

ANS expenditure classifications

The following list of ANS costs categorises the respective accounting treatment as either capital or operating. Items that can be capitalised are further explained below.

ANS – Connections	Nature of expenditure
Access (stand-by)	Operating
Access permit	Operating
Administration	Operating
Authorisation	Operating
Carrying out planning studies and analysis relation to distribution (including sub-transmission and dual-function assets) connection applications	Operating
Clearance to work	Operating
Connection offer service (basic or standard)	Operating
Connection/relocation process facilitation: providing connection applicants with ongoing information and advice in relation to the connection process and requirements	Operating
Customer interface coordinator for contestable works	Operating
Design certification	Operating
Design information	Operating
Design rechecking	Operating
High load escorts	Operating
Inspection (level 1 ASP)	**Capital**
Inspection of service work (level 2 ASP)	**Capital**
Investigate, review and implementation of remedial actions associated with Accredited Service Provider (**ASP**) connection works	Operating
Notice of arrangement	Operating
Preliminary enquiry service	Operating
Provision of service crew/additional crew	Operating
Rectification of illegal connections	Operating
Re-inspection	Operating
Services involved in obtaining deeds of agreement in relation to property rights associated with contestable connection works	Operating

ANS – Connections	Nature of Expenditure
Services to supply and connect temporary supply (to one or more customers)	Operating
Substation commissioning	**Capital**
Supply of conveyancing information (desk enquiry, field visit)	Operating

ANS – Metering	Nature of Expenditure
Attendance at customers' premises to perform a statutory right	Operating
Disconnection visit (site visit only)	Operating
Disconnection completed	Operating
Disconnection visit (disconnection completed – technical/advanced)	Operating
Emergency maintenance of failed metering equipment	Operating
Meter test (for Type 5 and 6 meter)	Operating
Off peak conversion	Operating
Pillar/Pole Top disconnection completed	Operating
Pillar/Pole Top disconnection completed – site visit	Operating
Reconnection outside normal business hours	Operating
Recovery of debt collection costs	Operating
Site establishment	Operating
Special meter read/Move in-out read for type 5 and 6 meters	Operating
Type 5-7 non-standard meter data services	Operating
Vacant property site visit	Operating

As identified in the above table, the following types of costs which meet the definition of assets can be capitalised:

- inspection (i.e. level 1 inspection);
- inspection of service work (i.e. level 2 ASP inspection); and
- substation commissioning.

All other costs are operating expenditure.

Inspection costs

Inspection is a critical step to check the quality of the asset to be connected to the electricity network. The result of the inspection test must be passed to enable the asset to be connected and therefore these costs are capitalised along with the asset.

Inspections are carried out by either level 1 or level 2 ASP:

- Level 1: Construction of transmission and distribution works, including high and low voltage, overhead and underground reticulation and substations.
- Level 2: Service work: Construction and/or installation of the service line

interface between the distribution system and consumer terminals, including metering services.

Substation commissioning costs

The commissioning of a new substation (i.e. pole, kiosk or chamber) includes all necessary pre-commissioning checks and tests. These tests are conducted prior to energising the substation via the high voltage switchgear and closing the low voltage circuit breaker, links or fuses, setting or resetting of protection equipment and updating the engineering systems. The result of these commissioning activities must be passed to enable the asset to be connected and therefore these costs are capitalised.

Pole replacement

Introduction

Pole replacement costs that relate to the rolling replacement program under the Portfolio Investment Plan (**PIP**) will be capitalised to PM07 work orders. Pole replacement costs caused by emergency damage work/third party damage are recoverable, and therefore booked to PM05 work orders. Pole replacement costs for other external and recoverable jobs are booked to SM01 work orders (refer below for further details on work order classifications).

Where poles are replaced, a condemned pole report is forwarded to the applicable field service office where the job of replacement is scheduled and a pole replacement task is raised in the Plant Maintenance SAP module. The costs incurred for pole replacement from this point will start to be booked to PM07 (Minor Capital) work orders whereby capitalisation will commence. The costs include the following processes:

- A physical inspection of the area, capturing what the pole is carrying, where the new pole is to be stood, etc.
- The pole is stood up or, if not possible, replaced immediately, the new pole is lashed to the condemned pole where possible.
- Overhead and underground attachments are changed over to the new pole.
- The old pole is then removed.

When the poles identified for replacement have been completed, Field Services will update the records in SAP respectively.

Details

Pole replacement costs that can be capitalised include, but not limited to the below direct costs:

- pole and overhead (**OH**) line crew labour;
- contracted services (i.e. traffic control);
- hire charges (i.e. borer hire);
- materials (i.e. pole/cross arms/insulators/sundry materials e.g. bolts);
- reinstatement of footway, pathway damaged by replacing poles; and
- pole removal costs which include transporting the replaced (old) pole back to store.

The following cost objects are used to capture the pole replacement costs incurred by Field Services.

Work/Service Order Type	Work/Service Order Name	Types of Pole Costs	Cost classification
PM05	Recoverable	Pole replacement costs caused by Emergency Damage Work (third party damage)	Operating expenditure
PM07	Minor Capital	Capital pole replacement costs	Capital expenditure
SM01	Service order	Pole replacement costs for recoverable or external jobs	Operating expenditure

Capitalised borrowing costs

Introduction

Ausgrid utilises the SAP interest calculation module to calculate the amount of borrowing costs to be capitalised, by applying a capitalisation rate to the asset under construction (**AUC**) balances of the qualifying assets (i.e. a capital project over $10 million and that necessarily takes a substantial period of time, i.e. more than 12 months to get ready for its intended use or sale).

Details

Commencement of capitalisation

The entity will begin capitalising borrowing costs as part of the cost of a qualifying asset when the entity satisfies all of the following:

- it incurs expenditures for the asset;
- it incurs borrowing costs; and
- it undertakes activities that are necessary to prepare the asset for its intended use or sale, including technical and administrative work prior to the commencement of physical construction, such as obtaining permits. However, such activities exclude the holding of an asset when no development that changes the asset's condition is taking place.

Capitalisation rate

As the entity borrows funds generally for investment programmes and day-to-day operations, a capitalisation rate based on a weighted average of the borrowing costs applicable to the borrowings of the entity that are outstanding during the period is applied to calculate the borrowing costs to be capitalised. The weighted average rate used aligns with the interest rate calculation for borrowings prepared by the Treasury Manager.

$$\text{Capitalisation rate} = \frac{\text{Monthly interest expenses}}{\text{Average of (opening borrowings + closing borrowings)}}$$

The average carrying amount of the AUC during the period is used as a reasonable approximation of the expenditures to which the capitalisation rate is applied in that period.

Suspension of capitalisation

The entity will suspend capitalisation of borrowing costs during extended periods when it suspends active development of a qualifying asset. However, no suspension of capitalisation is required if:

- substantial technical and administrative work is still being carried out, or
- temporary delay which is a common or necessary part of the process, e.g. delays due to storms.

Cessation of capitalisation

The entity will cease capitalising borrowing costs when the project status is technically closed or cancelled, or part of the project has reached the state of partial completion. Partial completion is when the entity completes the construction of a qualifying asset in parts and each part is capable of being used independently. The entity will cease capitalising borrowing costs when it completes substantially all the necessary activities for that part of the asset.

Capitalised borrowing costs assets

When the qualifying capital project is completed and the relevant 'Project Close Out Form'[1] has been submitted to the Tax and Reporting team, the corresponding borrowing costs component of that project are settled from AUC to fixed assets as part of the SAP capital settlement process.

The 'borrowing cost asset' will be a sub-asset to the main asset. It should be separately identifiable and is excluded from the tax fixed assets register. It will be depreciated for accounting purposes only over the same useful life as the main asset and is subject to impairment.

[1] http://infoshare.energy.com.au/sites/SP0452/Documents/Entity Form - Project Close Out [Applicable to procedure NW000-P0067].DOCX

Application guidance of network assets

Application guidance of network assets

Examples of network assets illustrating the application of the Finance Framework - Capitalisation are listed below:

Capital expenditure

- Expenditure undertaken to replace old substation equipment, due to wear and tear in conjunction with augmentation work, should be treated as capital expenditure and the old assets should be disposed.
- Replacement of old system asset equipment including transformers under an identified “replacement program of work” should be treated as capital expenditure. Examples are obsolete or aged air break switches, regulators, pole top mains supporting cross arms, High Voltage (**HV**) Ring Main Isolators (**RMIs**), Low Voltage (**LV**) boards, HV Circuit Breakers (**CBs**) contained in the capital works planning replacement programs.
- Replacement of primary components of an asset which have a value greater than half the total value of that asset should be capital expenditure. An example would be a complete rewind of LV and HV windings of a transformer.
- Replacement of an essential component of the asset without which the primary asset could not function should be capital expenditure, e.g. a tap changer in a power transformer.
- Pole replacement under the replacement program of PIP which extends the useful life of the network is capital expenditure.
- An underground cable failure is determined to require the replacement of a faulty joint and replace more than five metres of defective cable. The two new joints and over five metres of new cable should be capital expenditure. (Note: Where the cable fault is localised to a single cable joint which can be broken down and remade with less than five metres of new cable being used in the repair, it is operating expenditure.)
- An overhead line comprising all (three) phases of conductors in one or more spans which needs to be replaced to restore supply is regarded as a reactive replacement. This improves the capacity and therefore meets the capitalisation criteria as capital expenditure. (Note: Where the failure is restricted to one or two phase conductors in one or more spans requiring replacement to restore supply, this is a repair and therefore is regarded as operating expenditure.)
- Provision of infrastructure assets such as cable tunnels and/or cable conduits which are used to support future electrical assets should be capital expenditure. The materials used to build, excavate, lay, backfill and reinstate these cable related assets are also capital expenditure. Note: The cable tunnel and conduits will often be a separate project installed prior to the cable installation project.
- Pole reinforcement of conditionally serviceable and unserviceable poles to restore the poles to a serviceable condition and can extend their life by an average of five to 15 years is capital expenditure. Not all poles are suitable for reinforcing. Poles are individually assessed to determine suitability for reinforcing in accordance with Network Standard NS145 'Pole Inspection and Treatment Procedures’.

Application guidance of network assets

- Storm and breakdown repairs can be capitalised only when the assets are rebuilt to a higher standard, or destroyed assets are replaced by new assets. For example, where a length of overhead mains greater than 20 meters has been replaced; or where a complete overhead service has been replaced; or where multiple poles have been replaced. These mains and services are recorded on appropriate documentation to enable the amendment and updating of the Geographical Information System (**GIS**) system with the date of installation (commissioning date).
- Expenditure associated with increasing operating temperature of overhead lines is capital expenditure. This often requires replacing insulators, replacing cross arms, replacing old poles with new taller poles or increased numbers of poles, replacing poles with stronger structures for increased tensions, or conductor replacement.
- Connection and disconnection activities of temporary equipment necessary to maintain supply during the course of refurbishing or replacing a major asset are capital expenditure.
- Investigation and documentation associated with the creation of new or replacement assets may be capitalised. Examples of capital activities include but are not limited to designs and estimates, Environmental Impact Studies (**EIS**), preparation of design standards, preparation of network standards, capital work plans and schedules, justification and authorisation documents for capital projects and programs. Any costs associated with capex projects that are not approved and/constructed are expensed.

Treatment of replaced Property Plant and Equipment (PPE)

It should be noted the old assets replaced in any of the situations stated above will have to be retired from the fixed asset register.

Operating expenditure

- Replacing a component of an asset with like for like where the entire asset is not disposed of, is maintenance and should be included as operating expenditure.
- Replacement of a pole due to vehicle damage (e.g. pole is lying on the ground) is operating expenditure.
- Storm & breakdown repair is operating expenditure when the asset is repaired to the same standard as was the case prior to when the damage occurred. It can be capitalised only when the assets are rebuilt to a higher standard, or destroyed assets are replaced by new assets.
- Pole relocation by request of a third party should form part of the recoverable works and be expensed.
- Pole reinforcement is operating expenditure if no extension of life is achieved, typically for emergency situations to prevent imminent pole failure. Emergency pole reinforcement to prevent imminent pole failure is considered to be maintenance in nature as it ensures that the useful life expectations will be met and only provides a short term safety solution (typically less than one month).
- Repainting existing pillars and kiosks, which can only improve the visual appearance of the assets, are operating expenditure.

Application guidance of network assets

- Where a cable fault is localised to a single cable joint which can be broken down and remade with less than five metres of new cable being used in the repair is treated as operating expenditure.
- Where an overhead line failure is restricted to one or two phase conductors in one or more spans requiring replacement to restore supply, this is regarded as a repair and is operating expenditure.

Procedure – Intangible assets

Purpose

This procedure is to be read in conjunction with the Finance Framework. It aims to provide further explanation of the application and treatment of accounting principles outlined in the Finance Framework: Section 2 – Intangible assets.

Applies to

All staff

References

Finance Policy: Section 2 – Intangible assets
AASB 138 *Intangible Assets*

Introduction

There are three categories of intangible assets; (1) separately acquired intangible assets, (2) internally generated intangible assets, and (3) goodwill.

An intangible asset should be recognised when the asset:

- is separable, is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset, or liability; or
- arises as a result of contractual or other legal rights regardless of whether those rights are transferable or separable from the entity or from other rights or obligations; and
- will result in future economic benefits that are expected to flow to the entity and its costs can be measured reliably.

Overview

Separately acquired intangible assets

Introduction

Separately acquired intangible assets that are not associated with a business combination, are to be initially recorded as an asset at the cost of acquisition, including non-refundable taxes, discounts and rebates as well as any costs of preparing the asset for its intended use.

Details

Capital expenditure

The following are examples of costs to be capitalised when initially recognising an intangible asset:

- Labour
- Materials;
- Contracted services
- Other direct expenses

Operating expenditure

Expenditure on intangible assets that cannot be capitalised should be expensed. Examples of costs to be expensed include:

- selling, administrative and other general overheads;
- identified inefficiencies and initial operating losses incurred before the asset achieves planned performance; and
- expenditure on training, including training materials, training employees to operate the asset, and employee training.

Internally generated intangible assets

Introduction

Capitalisation of expenditure relating to internally generated intangible assets should begin when both of the following occur:

- research stage is completed, and
- management are committed to the project normally indicated when an approval of a business case is obtained.

The entity will capitalise only those costs that are incurred in the development stage. Costs incurred during the research stage and the post-implementation/operation stage (with the exception of those costs that can be directly attributed to enhancing the functionality of an existing system, and proceed to the development stage) are to be expensed.

Details

Internally generated intangible asset costs are divided into three stages with the cost relating to each stage designated as either capital or operating expenditure.

Stage	Cost examples	Designation
Research stage (before management becomes committed to a project)	• Research • Conceptual formulation of alternatives • Evaluation of alternatives; • Determination of existence of needed technology; and • Final selection of alternative.	Operating expenditure
Development stage	• Design of chosen path, including software configuration and software interfaces; • if management is committed to a project may include – Evaluation of specific alternatives; – Determination of existence of needed updated or technology; and – Final selection of alternative. • Coding; • Installation to hardware; and • Testing, including parallel processing phase.	Capital expenditure
Post-implementation/ operation stage	• Training; and • Application maintenance.	Operating expenditure

Capital expenditure

The following costs are to be capitalised:

the portion of the costs incurred in the research stage that is of a technical nature and can be directly attributed to enhancing the functionality of the existing system. Noting that the project must proceed to the application development stage for these costs to be capitalised;

internal and external costs incurred to develop internal use computer software during the development stage;

upgrades and enhancements to internal use software that result in additional functionality. However, only costs incurred at the development stage of the upgrade and enhancements should be capitalised;

costs to develop or obtain software that allows for access or conversion of old data by new systems; or

initial one-off software licences purchased or acquired to be configured or used in development for the new system.

Operating expenditure

The following costs incurred should be treated as operating expenditure and are not capitalised:

internal and external costs that are incurred in the research stage except the costs of a technical nature as outlined above in the capital expenditure section (irrespective if project proceeds to development stage);

expenditure on computer maintenance, testing (except where projects are in the development stage whereby it is to be capitalised), code reviews, minor alterations and modifications, and remedying defects;

expenditure on start-up activities, unless included in the cost of an item of property, plant and equipment (**PPE**);

expenditure on advertising and promotional activities;

expenditure relocating or re-organising part or all of an entity;

expenditure on post-implementation stage;

Internal or external training costs;

annual licence fee or maintenance fee; and

administrative and other general overheads.

Computer software

The entity will classify computer software as either:

an intangible asset if the software is not an integral part of the related hardware;

PPE if the computer software is an integral part of the related hardware, (e.g. an operating system software which activates the computer itself).

Goodwill

Introduction

Goodwill, representing the excess of the cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired, is recognised as an asset when applying AASB 3 *Business Combinations*.

Details

From the acquisition date, acquired goodwill is to be allocated to each of the entity's cash generating units (**CGU**), or to a group of CGUs, that are expected to benefit from the synergies of the combination. This is irrespective of whether other assets or liabilities of the acquiree are assigned to those CGUs or group of CGUs. Noting that it must be allocated to the lowest level within the entity at which the goodwill is monitored for internal management purposes and the value of goodwill allocated cannot be larger than the operating segment.

Goodwill is not amortised, but tested for impairment annually or more frequently if there is an indication that the goodwill may be impaired. The impairment is recognised immediately in profit or loss and is not subsequently reversed.

Procedure – Fixed assets

Purpose

This procedure is to be read in conjunction with the Finance Framework. It aims to provide further explanation of the application and treatment of accounting principles outlined in the Finance Framework: Section 9 – Fixed assets.

Applies to

All staff

References

Finance Framework: Section 9 – Fixed assets
Finance Procedure: Capitalisation
AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*
AASB 116 *Property, Plant & Equipment*
AASB 138 *Intangible Assets*

Introduction

The cost of an item of property, plant and equipment (**PPE**) is capitalised when:

- it is probable that the future economic benefits associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

The costs of ongoing maintenance are expensed as incurred.

Overview

Property, plant and equipment (PPE)

Introduction

The asset recognition principles are the same for initial costs and subsequent costs. If an item of expenditure meets the above asset definition and recognition criteria (refer to Introduction section of page 1), it is to be treated as an asset for accounting purposes, subject to the capitalisation threshold test of $1,000 for non-network assets (refer to capitalisation threshold guidance in Finance Framework: Section 1 – Capitalisation).

The expenditure can be clearly demonstrated that there is a future economic benefit flowing to the entity (through increased cash flow, increased asset value or increased useful life), and it can be measured reliably (for example through progress claims or an invoice), the outflow will be considered as capital expenditure, otherwise, it will be operating expenditure.

Details

Cost model

Each item of PPE is carried at cost less accumulated depreciation and accumulated impairment losses.

Refer to the Finance Procedure: Capitalisation for further detail of what is included in the cost of PPE.

Depreciation

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. For asset construction projects, the entity will commence depreciation at the 'in service date' of the asset.

If there is a time delay in capitalising an asset (i.e. delay in receiving forms), depreciation is backdated to the completion date (i.e. the date the asset was ready to be capitalised) and not the capitalisation date (i.e. the date the journal was processed).

Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) and the date that the asset is derecognised.

All PPE except land and easements (which are not depreciated) should be depreciated using the straight-line method over the estimated useful life of the related asset for accounting purposes.

The depreciable amount is the cost of an asset, less its residual value.

Each part of an item of PPE with a cost that is significant in relation to the total cost of the asset is depreciated separately. This may be achieved by either obtaining a detailed breakdown of the cost of an asset into its parts, or by reviewing the replacement pattern of parts of PPE to determine which parts have different useful lives.

Depreciation is then calculated and charged on each component category, rather than the item of machinery or equipment as a whole.

Leasehold improvements must be amortised over the shorter of the unexpired period of the lease and the estimated useful life of the improvement.

Estimated useful life

The useful life of an asset is defined in terms of the asset's expected utility to the entity. The asset management policy under the Network Investment Governance Framework (**NIGF**) of the entity may, at times, involve the disposal of assets after a specified time or after consumption of a specified proportion of the future

economic benefits embodied in the asset. Therefore, the useful life of an asset may be shorter than its economic life.

The entity reviews the useful life of all assets at the end of each accounting period. The estimation of the useful life is a matter of professional judgement based on the experience of the entity with similar assets and is dependent on the period over which an asset is expected to be available for use by the entity. Such a review should also consider the effects of technological or commercial obsolescence, expected capacity or physical output, expected physical wear and tear, legal or similar limits on the assets, and if there is a plan to decommission the asset in the future.

Changes in the estimate of an asset's useful life are recognised prospectively, over the remaining life of the asset.

Residual value
The residual value of an asset is the amount that would be obtained from disposal of the asset, after deducting the estimated costs of disposal, if the asset were of the age and in the condition expected at the end of its useful life.

Derecognition
An asset is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Where there is a difference between the consideration received on the disposal (if any) and the carrying value of the asset, it is recognised in profit or loss as a 'gain/loss on disposal'.

If a component of an asset is replaced, the original asset shall be disposed of.

Assets under construction

Introduction

An Asset Under Construction (**AUC**) is settled to PPE when the asset is available for use (i.e. when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management).

Capital projects are settled upon practical completion/final completion, except in the case of larger scale capital projects (i.e. those exceeding $10 million) that consist of various phases of construction corresponding to project milestones. These are to be partially capitalised during the course of project execution.

Details

When costs are booked to a capital project for the construction of an asset, the life to date cost not yet partially capitalised will be presented as AUC. When the asset has reached a stage for partial capitalisation (as discussed below), the costs will be settled from AUC to PPE and depreciation commences.

Partial capitalisation

The entity will apply partial capitalisation for larger scale capital projects to recognise major components of assets. The completion of the stages of work that will warrant partial capitalisation to assets include:

- completion of civil works: i.e. traditional civil works such as buildings and roads, as well as less common scenarios such as construction of tunnels, and may also include feeder crossings (where civil works are done to allow construction of feeders to cross beneath major roads). The value of the completed civil works should be settled from AUC to PPE;
- other significant items: in relation to other major capital projects, such as: property project when separable parts of contracts are completed and handed over to the entity for use (e.g. open training yard area, amenities, pit areas and new building). The defined value of the identified items should be settled from AUC to PPE.

Practical completion (PC)/final completion

For network assets, this will include the value of the electrical fit-out, connections, project management, and associated feeder works to be settled to PPE. Any relevant expenditure after PC date will be settled at final completion/project close.

Non-current assets held for sale

Introduction

For the entity to classify a non-current asset or disposal group as held for sale (and therefore disclosed it separately) all of the following criteria must be met:

- the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets or disposal groups; and
- the sale must be highly probable.

Available for immediate sale
If the sale of an asset cannot proceed without completing substantive actions, including resolution of disputes or commercial uncertainties, restructuring of existing ownership or financing arrangements, it will not be considered to be available for sale in its present condition.

Classified as highly probable
All of the following criteria must be met:

- the appropriate level of management must be committed to a plan to sell the asset (or disposal group);
- an active program to locate a buyer and other actions required to complete the plan to sell the asset (or disposal group) must have been initiated;
- the asset (or disposal group) must be actively marketed for sale at a price that is reasonable in relation to its current fair value;
- the sale should be expected to qualify for recognition as a completed sale, within one year from the date of classification as held for sale, except where the delay is caused by events or circumstances beyond the company's control and there is sufficient evidence that the company remains committed to its plan to sell the asset (or disposal group); and
- actions required to complete the plan should indicate that it is unlikely significant changes to the plan will be made or that the plan will be withdrawn.

Details

Measurement
An asset (or disposal group) held for sale is to be measured at the lower of the

- carrying amount (i.e. the amount at which an asset is recognised after deducting any accumulated depreciation and accumulated impairment losses); and
- fair value less costs to dispose (**FVLCD**) (i.e. the amount for which an asset could be exchanged, between knowledgeable, willing parties in an arm's length transaction less the incremental costs directly attributable to the disposal, excluding finance costs and income tax expense).

The following are examples of costs to sell that should be considered when determining a disposal groups value:

- legal costs;
- stamp duty;
- similar transaction taxes; and
- costs of removing the asset and direct incremental costs (e.g. repair costs) to bring an asset into condition for its sale.

Termination benefits (e.g. redundancy payment) and costs associated with reducing or reorganising a business following the disposal of an asset are not considered direct incremental costs.

Depreciation
The entity must cease depreciation (or amortisation) of a non-current asset (or disposal group, including on intangible asset) while it is classified as held for sale.

Changes to a plan for sale
The entity will cease to classify the asset as held for sale if the held for sale criteria of the asset are no longer met. Such an asset will be remeasured at the lower of its:

- carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation or amortisation expense that would have been recognised if the asset (or disposal group) had not been classified as held for sale; and
- recoverable amount at the date of subsequent decision not to sell.

Grouped asset

Introduction

The entity recognises some assets as 'grouped' assets where it is not practicable to recognise the assets individually. For example, poles and meters are not individually capitalised to the fixed asset register (**FAR**). Instead, they are collectively recognised as a single asset on a regular basis. This means that the carrying amount of specific assets (i.e. pole) cannot be separately identified from the FAR. Therefore, when the assets are retired and replaced, an appropriate retirement value for the asset being replaced in the FAR must be identified.

Details

When an asset, that has been initially accounted for as a grouped asset, is to be written-off the assets write-off value is calculated as the remaining useful life of the asset divided by the original useful life multiplied by its standard cost (i.e. to represent the remaining undepreciated value of the asset).

The entity has two main asset classes that are accounted for as 'grouped' asset; poles, and meters.

Age of poles
The standard life of a pole is 45 years.

Age of meter
The standard life of a contestable meter is 10 years.

Customer funded assets – external accredited service provider (EASP) (gifted assets)

Introduction

Gifted assets arise where the entity has an agreement with a customer to receive an asset (constructed by an EASP) in order to connect these customers to a network and provide them with ongoing access to electricity. When the asset is transferred and the entity controls the asset, the transferred asset is recognised as an item of PPE and is measured on initial recognition at its fair value. The corresponding credit is recognised as revenue, except for street lighting which is deferred over the life of the asset (refer to Finance Framework: Section 4. Revenue recognition: capital contributions).

The connection work can be divided into two main categories for accounting purposes:

Accreditation Level	Type of work	Valuation methodology
Level 1	Construction of transmission and distribution works, including high and low voltage, overhead and underground reticulation and substation	Optimised Depreciated Replacement Cost (**ODRC**) value.
Level 2	Service work: construction and/or installation of the service line interface between the distribution system and consumer terminals.	Average Ausgrid quoted price (excluding GST).

Details

Level 1 connection work by EASP

All assets contributed by customers and built by Level 1 EASPs are valued on an ODRC basis. An asset evaluation spreadsheet is maintained by the Customer Connections team, which enables the Accredited Designer to record the quantity and type of assets for each contestable connection project and ascribe the ODRC valuation to these assets, which are then grouped into the entity's PPE classes.

The following are asset class codes relevant to Level 1 connections based on the nature of the asset class:

Asset Class	Asset Class Description
100520	Pole substation
100540	Ground substation
100600	Pole transformer
100620	Kiosk transformer
100680	11kv OH lines
100720	11kv UG mains
100760	LV OH mains
100780	LV UG mains
100800	LV OH service
100820	LV UG service
100920	Street lighting

Level 2 connection work by external ASP

Since the Level 2 connection service work mainly comprises high volume, low value jobs, the valuation of Level 2 assets is based on the average entity quoted price excluding GST, provided by the Customer Connections team, for each type of service, multiplied by the number of new service installations completed by the EASPs.

The following are asset class codes relevant to Level 2 connections based on the nature of the asset class:

Asset class	Asset class description
100800	LV OH service
100820	LV UG service

Customer funded assets – Internal ASP (cash)

Introduction

If a customer chooses the entity to be the service provider, then the asset will be built by the entity, defined as an internal ASP (**IASP**). An upfront cash contribution will be paid to the entity for the connection work. There are mainly three types of work to be carried out by the entity as summarised in the following table:

Accreditation Level	Type of work	Responsible division
Level 1	Construction of transmission and distribution works, including high and low voltage, overhead and underground reticulation and substation	Operations
Level 1	Construction of distribution works, including low voltage overhead and underground reticulation and substations	Operations
Level 2	Service work: construction and/or installation of the service line interface between the distribution system and consumer terminals, including metering services.	Operations

Details

There is a two-step approach in accounting for the level 1 and 2 types of work carried out by the entity:

Step 1 – Contestable connection work
Due to the contestable nature of the business, the work carried out by the division is recorded as contestable work. The cash received and costs incurred for the work are recognised as contestable revenue and expenses reporting under the External Line of Business for management reporting purposes.

Step 2 – Asset recognition and capital contribution revenue
When the work is completed and the item of PPE is energised, the entity takes ownership and control of the item of PPE. It then becomes the entity's customer funded asset and is recognised at cost. Corresponding credit is recognised as capital contribution revenue, except for street lighting which is deferred over the life of the asset (refer to Finance Framework: Section 4. Revenue recognition: capital contributions).
The process for capitalisation of customer funded asset is different depending on the nature of the contestable work:

- Level 1 work is based on a 'Project Close Out Report' or 'Notice of Practical Completion'; and
- Level 2 work is based on a SAP service order report

These processes are completed by the Customer Connections team.

Work in progress
At month end, the contestable project type work (i.e. level 1 work) may not be complete. Jobs may be partially billed or partially paid for in advance. The business will review at month end to transfer the cost of uncompleted contestable project to "Works in Progress – Contestable" account, while the respective revenue will be transferred to a "Customer Prepayment" account in the Balance Sheet. The amount will be transferred to profit or loss based on the stages of completion.

Example:
If the cost of contestable work (exclude street lighting) is $90, and the cash contribution from customer is $100, the contestable profit is $10.

The customer funded asset is booked in the balance sheet at a cost of $90 and the corresponding credit is capital contribution in the profit or loss.

EBIT equals $100 which also represents the cash received from customers in profit or loss.

	Network Operations	Corporate (internal order – 129020046)	Consolidated
Contestable revenue	100	-	100
Contestable expenses	(90)	-	(90)
Profit from contestable work	10	-	10
Capital contribution	-	90	90
EBIT	10	90	100
Asset	-	90	90

Asset stocktake

Introduction

The entity is required to undertake stocktakes on an annual basis to verify that their fixed asset register is accurate and up to date. Stocktakes may be performed on a rolling basis (i.e. not all asset classes and locations are required to be counted in the same year), however a plan must be in place to ensure all asset classes and locations are appropriately counted in the given term.

Details

Adjustments that are identified through stocktake procedures are required to be notified to the Tax and Reporting team prior to the reporting date each financial year. The below table outlines the entity's asset classes and the respective treatment required for each:

Asset Class	Staketake type	Verification	Risk	Period of checks
Generation/ Distribution/ Transmission/ Connection	A	Physical check	Low	3 years
Furniture and office machines	A	Physical check	Medium/low	3 years
Including art work	A	Physical check	Medium/high	2 years
Computer equipment and hardware	A	Physical check	Medium/high	2 years
Plant		Physical check	Medium	3 years
- tools	A	Physical check	Medium/high	2 years
- calibration instruments	B	Database	Medium/high	2 years
Land	B	PMIS database	Low	3 years
Buildings	B	PMIS database	Low	3 years
Meters	B	Database	Medium/high	2 years
Nightwatch	B	Database	Medium/low	3 years
Fleet	B	Database	Medium/low	3 years

There are two types of stocktakes, type A and type B:

- Type A, at least 75% of assets (by book value) for the specified class are to be counted.
- Type B, the asset register held in each business unit for that class of asset must be reconciled to the FAR.

Where business units identify assets as high value/high risk items, they have individual discretion to elect to count said assets on a more regular basis then outlined in the table above. A reconciliation of asset movements must be completed in the years where physical stocktaking procedures are not performed.

Asset class stocktake classifications

Asset Class ID	Description	Category for stocktake
100000	System Land	Land
100010	AOP Land System	Land
100100	System Land Leases	Land

Asset Class ID	Description	Category for stocktake
100200	System Buildings	Buildings
100210	AOP Buildings System	Buildings
100220	Storage Facilities	Buildings
100300	Sub Transmission Substation Equipment	Distribution/Transmission
100310	Sub Tran Sub Protection Control (CLC,relays,SCADA)	Distribution/Transmission
100320	Zone Substation Equipment	Distribution/Transmission
100330	Zone Sub Protection Control (CLC,relays,SCADA)	Distribution/Transmission
100340	Sub Transmission Transformer	Distribution/Transmission
100360	Zone Transformer	Distribution/Transmission
100380	Sub Transmission Tower Lines	Distribution/Transmission
100400	Sub Transmission Concrete and Steel Pole Lines	Distribution/Transmission
100420	Sub Transmission Wood OH Lines	Distribution/Transmission
100440	Sub Transmission UG Mains - 132kV, 66kV, 33kV	Distribution/Transmission
100450	Operational Technology - Hardware	Distribution
100460	Network Communication System (PINC, Microwave Link)	Distribution
100470	Network Comm Infrastructure (Towers, Cables)	Distribution
100480	CSACS & Centralised SCADA	Distribution
100490	Intelligent Electronic Devices	Distribution
100500	Tunnel	Distribution
100520	Kiosk Substation Equipment	Distribution/Connection
100540	Pole Substation Equipment	Distribution/Connection
100560	Distribution Chamber or Ground Sub Equipment	Distribution/Connection
100580	Distribution HVC Subs Equipment	Distribution/Connection
100600	Pole Transformer	Distribution
100620	Kiosk Transformer	Distribution
100640	Distribution Chamber or Ground Transformer	Distribution
100660	SWER Lines	Distribution
100680	Distribution Concrete & Steel Pole Lines 22, 11kV	Distribution
100700	Distribution Wood OH Lines - 22kV, 11kV	Distribution/Transmission
100720	Distribution UG Mains - 11kV, 5kV	Distribution
100760	Distribution OH Lines - LV	Distribution
100780	Distribution UG Mains - LV	Distribution
100800	OH Services - LV	Distribution/Connection
100820	UG Services - LV	Distribution/Connection
100840	Franchise Meters - Bulk Supply & Substation (type	Meters
100850	Stamp Duty	Meters
100860	Franchise Meters - Mechanical (Type 6)	Meters

Asset Class ID	Description	Category for stocktake
100880	Franchise Meters - Electronic (Type 5)	Meters
100890	Customer Funded Meters	Meters
100920	Public Lighting	Distribution
200000	Non System Land	Land
200010	AOP Land Non System	Land
200100	Non System Land Leases	Land
200200	Non System Buildings	Buildings
200210	AOP Buildings Non System	Buildings
200300	Energy Light (Nightwatch)	Nightwatch
200340	Contestable Meters - (Type 1 to 4)	Meters
200360	Contestable Meters - Installation (Type 1 to4)	Meters
200380	Contestable Meters - Communication (Type 1 to 4)	Meters
200385	Mass market meters (and modems)	Meters
200390	Mass market meter installations	Meters
200400	Solar Generating Units	Generation
200420	Wind Generating Units	Generation
200440	Customer Care System (CCS) Hardware	Computer equipment & hardware
200460	Computer Hardware	Computer equipment & hardware
200480	IT Portable Devices (PC, Printer, Laptop)	Furniture and office machines
200560	Office Machines	Furniture and office machines
200580	Furniture	Furniture and office machines
200590	Leasehold improvements	Buildings
200600	Works of Art	Art work
200620	Plant & Tools	Plant
200640	Instruments - Testing & Measurements	Plant
200660	Pooled Assets Between $500 - $1000	Plant
200680	Telephone Installation	Computer equipment & hardware
200700	Telecommunication Development	Computer equipment & hardware
200720	Mobile Radio & Telecommunication Equipment	Computer equipment & hardware
200740	System Communications	Computer equipment & hardware
600000	Cars AOP	Fleet
600100	Trucks AOP	Fleet
600200	Fleet Plant 10 Year Life AOP	Fleet
600300	Fleet Plant 15 Year Life AOP	Fleet
600700	Fleet Plant 10 Year Life AAP	Fleet
600800	Fleet Plant 15 Year Life AAP	Fleet

Pooled assets

Introduction Pooled assets are those assets that individually cost less than $1,000, however are purchased in bulk and collectively cost more than $1,000.

Details The entity will account for these pooled assets as a single asset on the FAR and shall apply the same recognition, depreciation, impairment, and decrecognition principles as it would any other asset class (refer to the details outlined on page 2: Property, plant and equipment).