



**Australian  
Competition &  
Consumer  
Commission**

Draft

Regulatory reporting  
guidelines for gas pipeline  
service providers

May 2004

## **Contents**

1	Introduction	1
1.1	Purpose and overview	1
1.2	Authority	3
1.3	Definitions	5
1.4	General requirements	5
1.5	Review process	5
1.6	Comments by interested parties	5
Part 1: Guidelines for the Preparation of Accounts		7
2	Principles for preparing Regulatory Financial Statements	8
2.1	General information	8
2.2	General principles of preparation	9
2.3	Regulatory Financial Statements	11
2.4	General Purpose Financial Statements	12
2.5	Disaggregation statements	13
2.6	Regulatory accounting adjustments	14
2.7	Special Purpose (Regulatory) Financial Statements	15
2.8	Audit trail and record keeping	16
2.9	Auditing requirements	17
3	Regulatory accounting manual	18
3.1	General information	18
3.2	Purposes of the Regulatory Accounting Manual	19
3.3	Regulatory Accounting Manual approval process	20
3.4	Regulatory Accounting Manual amendments	21
Part 2: Reporting requirements		22
4	Annual reporting requirements	23
4.1	General information	23
4.2	Annual reporting requirements	25
4.3	Statement of compliance	25
5	Annual auditing requirements	27
5.1	General information	27
5.2	Auditor's report	27

6	Additional reporting requirements	29
6.1	General information	29
6.2	Agreed upon procedures report	30
7	Glossary	31
	Appendix 1: Preparing a Regulatory Accounting Manual	32
	Pro forma structure of a Regulatory Accounting Manual	33
	Appendix 2: Statement of compliance	38
	Appendix 3: Example auditor's reports	39
	Appendix 4: Pro formas	46
	Appendix 5: Example completed pro formas	55

# **1 Introduction**

## **1.1 Purpose and overview**

The National Third Party Access Code for Natural Gas Pipeline Systems (the Code) sets out a number of ring fencing obligations which apply to Service Providers. These include requirements with respect to the preparation of accounts and reporting on compliance with the ring fencing obligations. These guidelines have been developed to assist:

- Service Providers to develop a set of principles governing the preparation of their accounts under sections 4.1(c), (d) and (e) of the Code; and
- the Australian Competition and Consumer Commission (the Commission) to monitor compliance with those sections.

The guidelines are designed to ensure that reports are prepared using consistent, transparent and verifiable principles.

The guidelines set out principles to assist Service Providers to prepare a Regulatory Accounting Manual. The purpose of a Regulatory Accounting Manual is for the Service Provider to set out the procedures and processes that will instruct the Service Provider's preparation of its Regulatory Financial Statements. The Manual is intended to:

- help the Commission to understand the basis on which the Service Provider's Regulatory Financial Statements have been prepared; and
- allow the Auditor to determine whether the Regulatory Financial Statements are presented fairly in accordance with the Regulatory Accounting Manual.

It is intended that the Regulatory Accounting Manuals be submitted to the Commission for approval under section 4.2(b) of the Code.

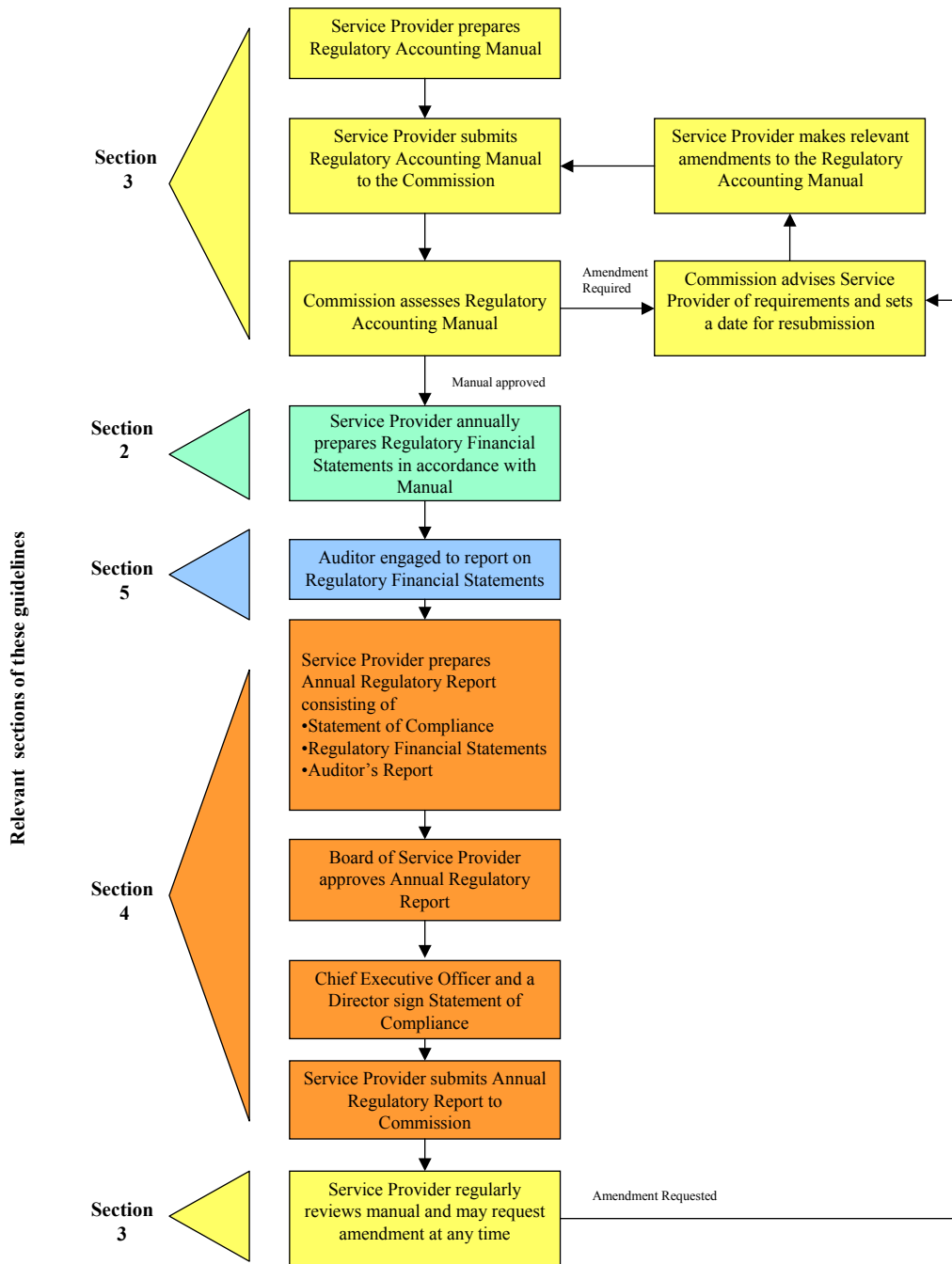
The guidelines require Service Providers to prepare and submit an Annual Regulatory Report for each Covered Pipeline which consists of the following:

- Statement of Compliance; and
- Regulatory Financial Statements; and
- Auditor's Report.

Flowchart 1 overleaf provides a brief outline of the approach to reporting specified in these guidelines.

In monitoring compliance with the Code, the Commission may, on occasion, require additional information from a Service Provider. The guidelines also outline the procedures that the Commission will follow in such cases.

**Flowchart 1: Regulatory Accounting Manual and annual reporting requirements**



## 1.2 Authority

These guidelines apply to a person who is a Service Provider in respect of a Covered Pipeline, where the Commission is the Relevant Regulator of that Pipeline.

The relevant Code provisions are as follows.

### *Financial accounts*

Section 4.1 of the Code relevantly states:

#### *Ring Fencing Minimum Obligations*

A person who is a Service Provider in respect of a Covered Pipeline ... must comply with the following ...

- (c) establish and maintain a separate set of accounts in respect of the Services provided by each Covered Pipeline in respect of which the person is a Service Provider;
- (d) establish and maintain a separate consolidated set of accounts in respect of the entire business of the Service Provider;
- (e) allocate any costs that are shared between an activity that is covered by a set of accounts described in section 4.1(c) and any other activity according to a methodology for allocating costs that is consistent with the principles in section 8.1 and is otherwise fair and reasonable; ...

Section 4.2 states:

In complying with sections 4.1(c), (d) and (e) a Service Provider must:

- (a) if the Relevant Regulator has published general accounting guidelines for Service Providers which apply to the accounts being prepared, comply with those guidelines; or
- (b) if the Relevant Regulator has not published such guidelines, comply with guidelines prepared by the Service Provider and approved by the Relevant Regulator or, if there are no such guidelines, comply with such guidelines (if any) as the Relevant Regulator advises the Service Provider apply to that Service Provider from time to time.

Such guidelines may, amongst other things, require the accounts to contain sufficient information, and to be presented in such a manner, as would enable the verification by the Relevant Regulator of the calculation of the Reference Tariffs for Covered Pipelines.

These guidelines are intended to assist Service Providers to prepare a Regulatory Accounting Manual for approval by the Commission under section 4.2(b) of the Code. A Service Provider would need to prepare its accounts under section 4.1 in accordance with the approved Manual. The Commission would expect a Manual to:

- incorporate, by reference, section 2 and Appendices 4 and 5 of these guidelines (which set out the principles for preparing Regulatory Financial Statements); and
- address the additional matters set out in section 3 and Appendix 1 of these guidelines (which provide guidance on the structure of a typical Manual and describe the key features of major sections).

If a Service Provider does not submit a proposed Manual as envisaged in section 3.3 of these guidelines, the Commission may need to seek information from the Service Provider as to how the Service Provider is complying with its obligations under sections 4.1(c), (d) and (e) of the Code and, if necessary, issue accounting guidelines under section 4.2(b) to apply to that Service Provider.

### ***Reporting requirements***

Sections 4.12-4.14 of the Code state:

#### ***Compliance Procedures and Compliance Reporting***

- 4.12 A Service Provider must establish and maintain appropriate internal procedures to ensure it complies with its obligations under this section 4. The Relevant Regulator may require the Service Provider to demonstrate the adequacy of these procedures upon reasonable notice. However, any statement made or assurance given by the Relevant Regulator concerning the adequacy of the Service Provider's compliance procedures does not affect the Service Provider's obligations under this section 4.
- 4.13 A Service Provider must provide a report to the Relevant Regulator, at reasonable intervals determined by the Relevant Regulator, describing the measures taken by the Service Provider to ensure compliance with its obligations under this section 4, and providing an accurate assessment of the effect of those measures.
- 4.14 A Service Provider must provide a report of any breach of any of its obligations under this section 4 to the Relevant Regulator immediately upon becoming aware that the breach has occurred.

The requirements specified in sections 4 and 5 and Appendices 2 and 3 of these guidelines (being the submission of the Annual Regulatory Report consisting of the Regulatory Financial Statements prepared in accordance with the Regulatory Accounting Manual, the Statement of Compliance and the Auditor's Report) have been developed for the purposes of sections 4.2(a), 4.12 and 4.13 of the Code.

These requirements commence on the later of the following dates:

- (a) [date to be inserted, being the date on which the Commission issues the final version of these guidelines]; or

- (b) the date on which the relevant Service Provider is required to comply with sections 4.1(c), (d) and (e) of the Code.

The requirements relate only to reporting on compliance with the obligations set out in sections 4.1(c), (d) and (e) of the Code. The Commission may specify additional reporting requirements to demonstrate compliance with other obligations specified in section 4 of the Code.<sup>1</sup>

### **1.3 Definitions**

In these guidelines:

- defined words and phrases have the meaning given to them in the Code and the glossary; and
- unless specified otherwise, “Covered Pipeline” means a Covered Pipeline for which the Commission is the Relevant Regulator.

### **1.4 General requirements**

Should instances arise where the requirements and definitions of these guidelines and the Code appear inconsistent and that inconsistency is not resolved or explained by these guidelines, the requirements of the Code shall prevail.

The guidelines include sub-sections titled “General information” which are included for the purposes of providing a brief summary of each section. In cases where the “General information” sections of these guidelines and the specific requirements of these guidelines are inconsistent, the specific requirements of the guideline shall prevail.

### **1.5 Review process**

The guidelines may be reviewed and updated from time to time to meet the changing needs of Service Providers or the Commission. In revising the guidelines the Commission will,

- state its intention to revise the guidelines;
- develop a draft of the revised guidelines; and
- seek, and have regard to, comments from Service Providers and other interested parties.

### **1.6 Comments by interested parties**

The Commission is seeking comments on these guidelines from Service Providers and other interested parties. Comments on the guidelines close on 18 June 2004. Please forward written comments to

---

<sup>1</sup> In 2002 and 2003, the Commission provided Service Providers with a pro forma Ring Fencing Compliance Report.



Mr Michael Walsh  
Director, Gas Group  
Regulatory Affairs Division  
Australian Competition and Consumer Commission  
GPO Box 3648  
Sydney NSW 2001

Persons making submissions are requested to also provide an electronic copy of the submission to [gas@acc.gov.au](mailto:gas@acc.gov.au).

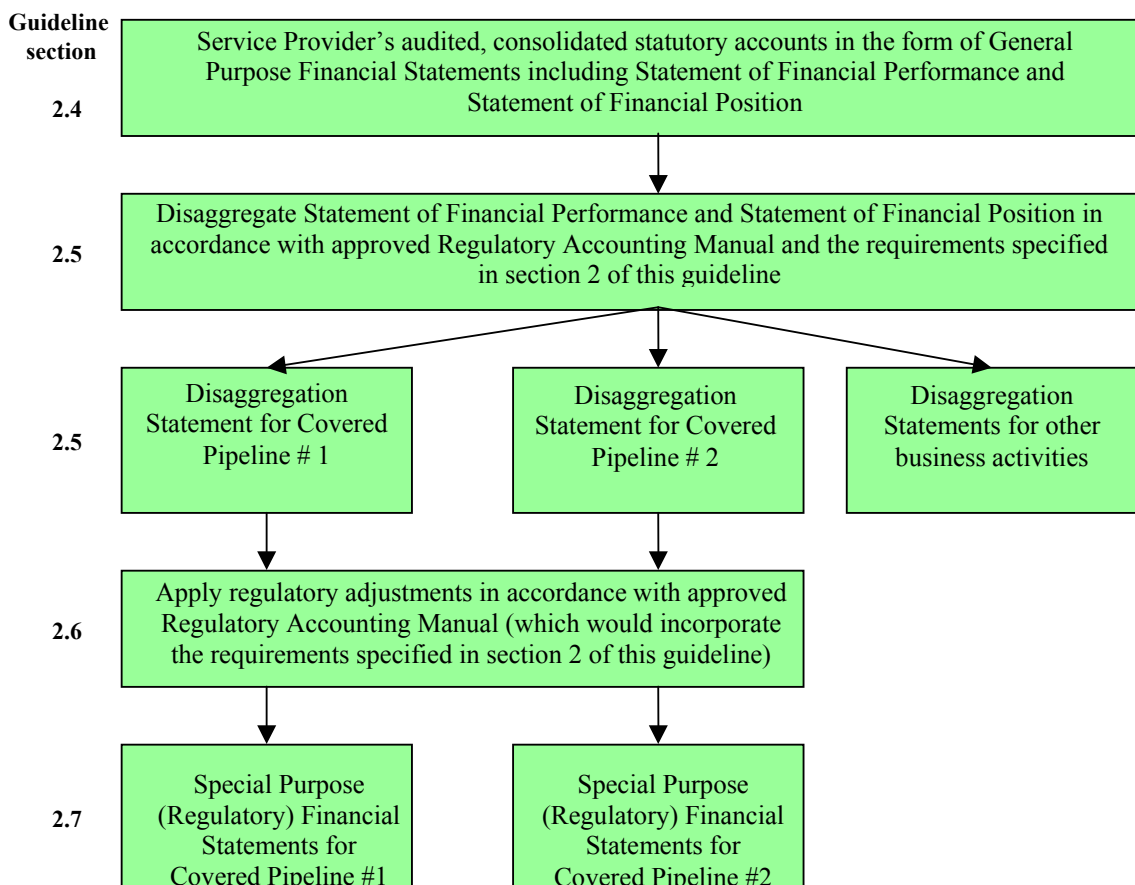
## **Part 1: Guidelines for the Preparation of Accounts**

## 2 Principles for preparing Regulatory Financial Statements

### 2.1 General information

Sections 2 and 3 of the guidelines set out principles to guide the preparation by a Service Provider of a Regulatory Accounting Manual which in turn would be used by the Service Provider when preparing its accounts in accordance with sections 4.1(c), (d) and (e) of the Code. The Commission would expect a Manual to adopt, by reference, the principles set out in this section 2. Flowchart 2 provides a brief outline of the requirements in this section. Pro formas and an example set of Regulatory Financial Statements have been included in Appendices 4 and 5 to further assist Service Providers.

*Flowchart 2: Approach for preparing regulatory financial statements*



## **2.2 General principles of preparation**

These guidelines seek to derive Special Purpose (Regulatory) Financial Statements for each Covered Pipeline by:

- utilising, insofar as possible, General Purpose Financial Statements that would be prepared by a Service Provider in the absence of these guidelines; and
- following, insofar as is applicable, generally accepted accounting principles intended to meet the needs of general users of financial statements.

By following this approach, the Commission seeks to:

- minimise the additional reporting burden imposed on Service Providers by the Code;
- utilise, insofar as possible, generally accepted accounting and reporting practices rather than develop special regulatory accounting rules; and
- minimise the additional audit imposition of the Special Purpose (Regulatory) Financial Statements to require the auditor to report on the incremental disaggregation and regulatory adjustments required to produce the Special Purpose (Regulatory) Financial Statements from audited General Purpose Financial Statements.

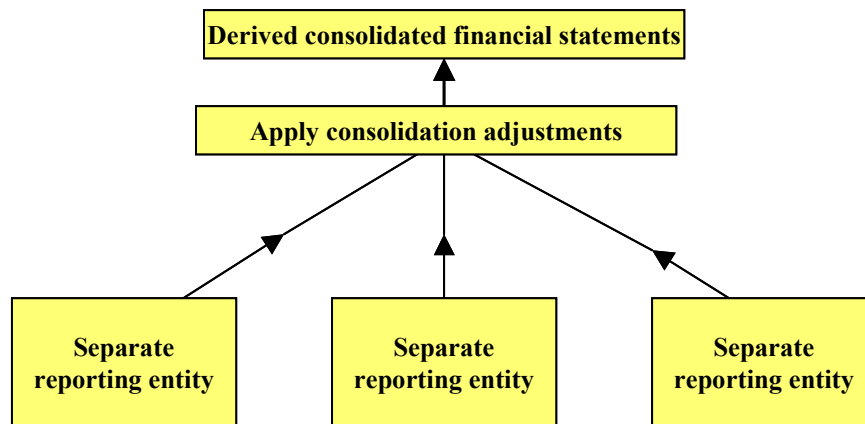
To this end:

- if a Service Provider reports audited General Purpose Financial Statements that report the entirety of a Covered Pipeline's revenues, costs, assets and liabilities, and no other material costs, revenues, assets and liabilities, then the guidelines do not require any disaggregation of those financial statements; but
- if a Service Provider reports audited General Purpose Financial Statements that include material amounts for any assets, liabilities, revenues or costs other than for a single Covered Pipeline, then the revenues, costs, assets and liabilities for each Covered Pipeline would need to be disaggregated from the General Purpose Financial Statements.

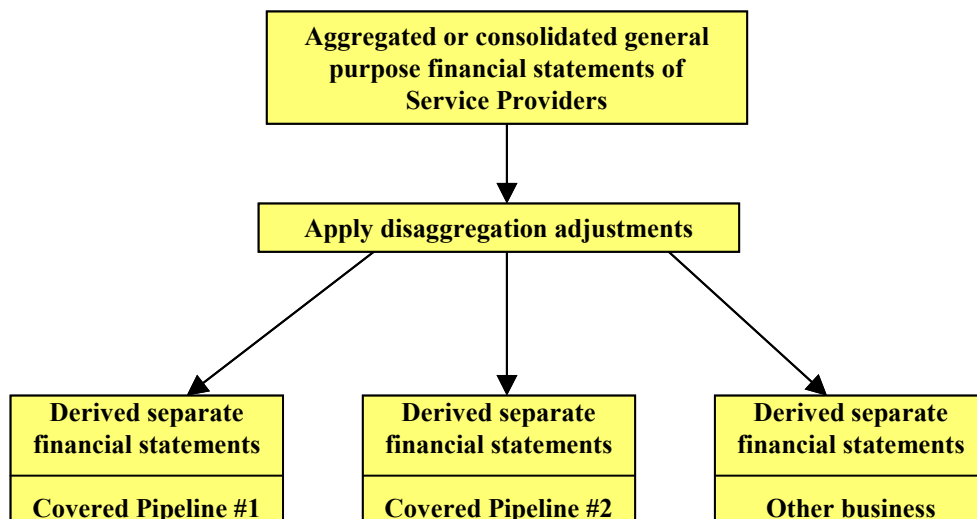
By "disaggregation" the Commission means a process of deconsolidating the financial statements of a reporting entity into separate, stand-alone financial statements of each Covered Pipeline and in total for all other business within that reporting entity.

The principle can be regarded as a consolidation in reverse.

For example, to derive consolidated or aggregated financial statements from separate reporting entities, the following generic process would be applied.



Hence, a disaggregation is a reversal of this process.



Clearly, this is likely to involve the direct attribution or allocation of items in the aggregated general purpose financial statements. However, it may also require disaggregation adjustments which can be thought of as consolidation adjustments but in reverse. Examples may include the reinstatement as share capital or intra or inter-company balances eliminated on consolidation, if applicable.

The Commission does not mandate these adjustments if they are not required to fairly present the financial position and performance of a Covered Pipeline on a stand-alone basis. However, it does recognise that they may be required and consequently requires their disclosure where they are employed by a Service Provider in deriving the Special Purpose (Regulatory) Financial Statements of a Covered Pipeline.

Hence the disaggregation statements for a Covered Pipeline in combination with the disclosed disaggregation adjustments should reconcile to the audited General Purpose Financial Statements of the Service Provider. A reconciliatory item will be the disaggregation statements for business activities other than those of Covered Pipelines. The Commission has no regulatory interest in those activities other than to provide an audit trail that demonstrates the veracity of the disaggregated financial statements of one or more Covered Pipelines included in a Service Provider's General Purpose Financial Statements.

The Commission also recognises that certain items reported in financial statements such as cash, interest and taxation charges *may* not be capable of being disaggregated in a non-arbitrary manner, or may not be of direct or immediate interest to the Commission for the purposes of verifying Reference Tariffs. For these reasons, the pro forma disaggregation statements set out in these guidelines, do not seek allocation or attribution of all financial statement items. Rather, they permit a Service Provider not to allocate or attribute certain specified items, but:

- those items must still be disclosed in the disaggregation statements to provide an audit trail; and
- as with all items where a Service Provider chooses to allocate them to a Covered Pipeline or other business, the Regulatory Accounting Manual must provide specific guidance on how they are to be allocated.

The Commission emphasises that the requirements of these Guidelines are ring fencing and reporting requirements only. While they have been framed with the Commission's information needs in mind, they do not represent statements of revenue or tariff setting policy.

## **2.3 Regulatory Financial Statements**

A Service Provider must prepare Regulatory Financial Statements in accordance with its most recently approved Regulatory Accounting Manual.

Regulatory Financial Statements must include;

- General Purpose Financial Statements prepared in accordance with section 2.4 of these guidelines; and where applicable
- Disaggregation Statements prepared in accordance with section 2.5 of these guidelines; and
- Special Purpose (Regulatory) Financial Statements for each Covered Pipeline prepared in accordance with section 2.7 of these guidelines.

A Service Provider that is;

- a Service Provider for not more than one Covered Pipeline; and
- does not undertake any business activities other than that of providing a Covered Pipeline service;

is not required to include Disaggregation Statements in the Regulatory Financial Statements.

The Regulatory Financial Statements must report the substance of transactions and events. When the commercial substance of a transaction or event differs from legal form, it is the commercial substance that must be reported. In determining the substance of a transaction or events, all aspects and implications must be considered, including the expectations of and motivations for it.

## **2.4 General Purpose Financial Statements**

Section 4.1(a) of the Code requires a Service Provider to be:

- a legal entity registered under the Corporations Law;
- a foreign company within the meaning of the Corporations Law that has appointed a local agent in accordance with sections 601CF and 601CG of the Corporations Law;
- a statutory corporation; or
- a government or an entity established by royal charter.

Section 4.1(d) requires a Service Provider to establish and maintain a separate consolidated set of accounts in respect of the entire business of the Service Provider.

Accordingly, where:

- a Service Provider has a legal obligation to prepare audited General Purpose Financial Statements, prepared in accordance with Australian Accounting Standards or International Financial Reporting Standards; and
- those audited General Purpose Financial Statements report at least the entirety of the assets, liabilities, revenues and costs of service of a Covered Pipeline

then those audited General Purpose Financial Statements shall be the General Purpose Financial Statements referred to by section 2.3 of these guidelines.

Where a Service Provider has no legal obligation to prepare audited General Purpose Financial Statements in accordance with Australian Accounting Standards or International Financial Reporting Standards, then a Service Provider shall:

- prepare General Purpose Financial Statements that report at least the entirety of the assets, liabilities, revenues and costs of service of a Covered Pipeline as if it were required to prepare such financial statements under Australian Corporations Law and Australian Accounting Standards or International Financial Reporting Standards; and
- obtain an auditor's report on those financial statements, in accordance with Auditing Standards

then those audited financial statements shall then form the General Purpose Financial Statements referred to by section 2.3 of these guidelines.

## 2.5 Disaggregation statements

A Service Provider must prepare Disaggregation Statements by disaggregating each of the following components of the General Purpose Financial Statements;

- Statement of Financial Performance (“Profit and Loss Account”); and
- Statement of Financial Position (“Balance Sheet”)

in accordance with its most recently approved Regulatory Accounting Manual (which would incorporate the requirements of these guidelines).

Disaggregation statements shall be reported to the Commission using the pro formas set out at Appendix 4.

### *Allocation of costs and other items*

In allocating revenues, costs, assets and liabilities between a Covered Pipeline and other segments of a Service Provider’s business reported by its General Purpose Financial Statements, a Service Provider must:

- apply consistent allocation methods across all of its business;
- utilise allocation methods that meet the objectives of section 8.1 of the Code and are otherwise fair and reasonable;
- report those methods in its Regulatory Accounting Manual; and
- preserve an audit trail that allows an auditor or other independent party to replicate the allocations.

The following items do not need to be allocated to a Covered Pipeline, or any other part of Service Provider’s business, in the Disaggregation Statements. If they are not allocated or otherwise attributed to any part of a Service Provider’s business they should be recorded in the “Not Attributed” column of the Disaggregation Statements.

- Share capital;
- Investment revenue;
- Loan capital on long term borrowings;
- Short term borrowings or overdrafts;
- Cash or bank deposits;
- Non-operating investments;
- Interest payable on receivables;
- All income tax, deferred tax on future income tax benefits, charges, credits, assets or liabilities; and



- Goodwill.

#### *Detail of disclosure*

The Disaggregation Statements and associated Special Purpose (Regulatory) Financial Statements shall meet the minimum disclosure requirements indicated by the pro formas at Appendix 4. However, in addition to this the Commission requires:

- Service Providers to disclose non-capital costs for each Covered Pipeline in sufficient detail to provide the Commission with reasonable understanding of the form and nature of those costs;
- this additional disclosure to be made using Discretionary Headings proposed by the Service Provider and agreed with the Commission;
- that the Service Provider's Regulatory Accounting Manual shall:
  - specify the Discretionary Headings it will use; and
  - specify the audit trail between the Discretionary Headings and the Service Provider's chart of accounts. The Commission expects that Discretionary Headings would be drawn from the chart of accounts underlying a Service Provider's General Purpose Financial Statements;
- that approved Discretionary Headings will be applied consistently from year to year, subject to changes being proposed to the Commission by a Service Provider proposing an amendment to its Regulatory Accounting Manual in accordance with section 3.4 of these guidelines.

#### *Disclosure of disaggregation adjustments*

Disaggregation adjustments should be disclosed according to the pro forma at Appendix 4.

## **2.6 Regulatory accounting adjustments**

Regulatory accounting adjustments are those adjustments necessary to restate the Statements of Financial Performance and Financial Position on bases consistent with the requirements of the Code and these guidelines. The Commission would expect that they would principally comprise adjustments to asset values and movements in those values, to bases that would be consistent with the bases of calculation of Reference Tariffs. Requirements that could give rise to such adjustments are described below.

Regulatory accounting adjustments must be accounted for by journal entries applied to the Disaggregation Statements for a Covered Pipeline, to allow the Special Purpose (Regulatory) Financial Statements to be derived. Appendix 4 provides a pro forma on which each individual regulatory accounting adjustment should be recorded and explained.

## **2.7 Special Purpose (Regulatory) Financial Statements**

These Statements comprise the pro formas and any further supporting schedules that the Service Provider may believe are appropriate to clearly explain the information set out at Appendix 4. They are to be prepared by applying any Regulatory Adjustments that may be required, to the Disaggregation Statements for each Covered Pipeline.

The following subsections of these guidelines set out accounting and disclosure requirements that are specific to the Special Purpose (Regulatory) Financial Statements.

### *Asset schedule*

A purpose of these guidelines is to record the financial position and performance of a Covered Pipeline in a way that will assist the Commission in verifying the calculation of Reference Tariffs. It provides a base of information that will help the Commission to assess an Access Arrangement for a Covered Pipeline, but it does not pre-empt the basis on which the Commission may approve any Access Arrangement. Accordingly, the following sections of these guidelines set out principles on which assets shall be accounted for in the Special Purpose (Regulatory) Financial Statements. The resulting asset values do not however, necessarily pre-empt any view the Commission may take of the value of the Capital Base.

The Special Purpose (Regulatory) Financial Statements shall include an Asset Schedule which, both in total for the Covered Pipeline and for each asset or class of asset that comprises the Covered Pipeline, reconcile the gross and written down values of the Capital Base at the start and end of a period reported on by the Special Purpose (Regulatory) Financial Statements. Appendices 4 and 5 provide a pro forma and a worked example of an Asset Schedule.

The Service Provider may set out Discretionary Headings to account for different assets or classes of assets in the Asset Schedule, in the Regulatory Accounting Manual.

The written down value of an asset or class of asset at any time shall be the gross value of that asset or class of asset less the accumulated depreciation attributable to that asset or class of asset.

The gross value of an asset or class of asset shall be calculated at the end of a period by reference to:

- the undepreciated Capital Base at the start of the period; plus
- the Recoverable Portion of New Facilities Investment made during the period; less
- the gross value of Redundant Capital retired from the Capital Base during the period.

The accumulated depreciation attributable to an asset or class of assets shall be calculated by reference to:

- the accumulated depreciation at the start of the period; plus
- Depreciation on the Capital Base and any new investment added to the Capital Base during the period; less
- accumulated depreciation attributable to Redundant Capital retired from the Capital Base, during the period.

The written down value of the Capital Base at the end of a period, disclosed by the Asset Schedule, shall equal, or be reconciled on the Asset Schedule, to the value of the investment in the Covered Pipeline disclosed by the Statement of Financial position in the Special Purpose (Regulatory) Financial Statements.

#### *Related party transactions*

The disclosure of Accounting Standard AASB 1017 “Related party disclosures” or any succeeding Standard on public disclosure requirements shall apply to the Special Purpose (Regulatory) Financial Statements as if the Covered Pipeline was a reporting entity obliged to prepare General Purpose Financial Statements under Accounting Standards. This means that Service Providers must disclose the influence of all related party transactions (including where related parties may be different segments of the entity of which the Covered Pipeline is a part) on the Statements of Financial Performance and Financial Position of the Covered Pipeline, under AASB 1017 “Related party disclosures”. The Commission requires this disclosure, but does not provide pro formas for this, leaving it to the Service Provider to follow the Accounting Standard.

#### *Provisions*

The Special Purpose (Regulatory) Financial Statements should include a completed pro forma that discloses how provisions and movements in provisions have been disaggregated and attributed to the Covered Pipeline. The pro forma is at Appendix 4 and a worked example is at Appendix 5. The purpose of this is to help the Commission to understand the extent to which the reported costs of a Covered Pipeline are influenced by movements in provisions.

## **2.8 Audit trail and record keeping**

Both the Disaggregation Statements and Special Purpose (Regulatory) Financial Statements must be prepared in a manner that provides an audit trail which would allow an independent auditor to report on whether Regulatory Financial Statements had been prepared and presented fairly in accordance with the requirements of these guidelines and the Code.

A Service Provider must ensure that it retains all of the accounting records from which the Regulatory Financial Statements are prepared for a period of not less than seven years after the completion of the transactions to which they relate.

## **2.9 Auditing requirements**

These are set out in section 5 of these guidelines.

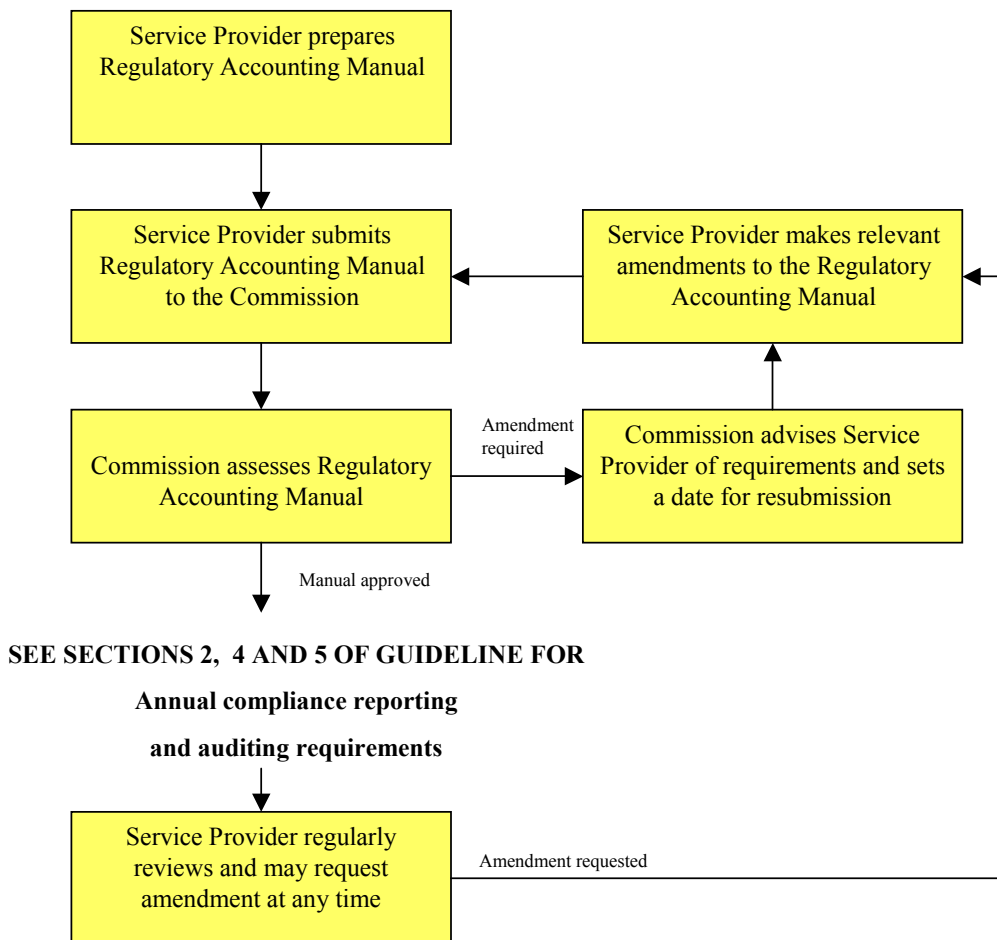
### 3 Regulatory accounting manual

#### 3.1 General information

The purpose of a Regulatory Accounting Manual is to provide clear procedures and processes to instruct the preparation of a Service Provider’s Regulatory Financial Statements. This section outlines the process for preparation, approval and submission of a Regulatory Accounting Manual. Further guidance on preparing a Regulatory Accounting Manual is provided in Appendix 1.

Flowchart 3 provides a brief outline of the requirements in this section.

***Flowchart 3: Approval process for a regulatory accounting manual***



## **3.2 Purposes of the Regulatory Accounting Manual**

The reason for asking Service Providers to prepare and submit a Regulatory Accounting Manual is to minimise the extent to which the Commission prescribes the inputs of accounting processes and procedures. The Commission's principal concern is to ensure that each Service Provider prepares accounts under sections 4.1(c), (d) and (e) of the Code in a form that best meets the objectives of the Code including the principles in section 8.1 of the Code for the design of Reference Tariffs.

In determining whether to approve a Regulatory Accounting Manual, the Commission will have regard to the following outcome criteria, namely that a Regulatory Accounting Manual shall:

- provide for the preparation of accounts in accordance with section 2 (and Appendices 4 and 5) of these guidelines;
- provide sufficient explanations and guidance to enable an auditor or any other party independent of a Service Provider, to apply the accounting policies, procedures and methods used by the Service Provider to:
  - disaggregate the Service Provider's General Purpose Financial Statements;
  - make any Regulatory Adjustments to the Disaggregation Statements; and
  - prepare the Regulatory Financial Statements for each Covered Pipeline

so that the auditor or independent party can independently replicate the Regulatory Financial Statements and the processes by which they have been produced;

- provide practical and transparent explanations of how the accounting policies and procedures the Service Provider has used to prepare the Regulatory Financial Statements for each Covered Pipeline:
  - meet the cost allocation principles of section 8.1 of the Code and are otherwise fair and reasonable;
  - provide sufficient information and are presented in such a way as to enable the Commission to verify the calculation of the Reference Tariffs for each Covered Pipeline for the period that the Regulatory Financial Statements report on, in accordance with the principles set out in section 8 of the Code;
  - meet the other relevant principles of the Code; and
  - meet the principles for preparation of the Regulatory Accounting Statements set out in these guidelines.

The Commission emphasises that:

- Appendix 1 of these guidelines provides guidance on the Commission's minimum expectations of the form and content of a Regulatory Accounting Manual;
- the requirements of Appendix 1 do not override the requirements that a Regulatory Accounting Manual shall be effective in meeting the outcome described above in this section of the guidelines; and

- the Commission will require an auditor to report on whether the Special Purpose (Regulatory) Financial Statements for a Covered Pipeline are presented fairly in accordance with the Service Provider's approved Regulatory Accounting Manual.

### **3.3 Regulatory Accounting Manual approval process**

Prior to the first accounting date to which these guidelines apply to a Service Provider, a Service Provider should submit to the Commission, for approval, a Regulatory Accounting Manual prepared in accordance with:

- the requirements of these guidelines with particular emphasis on the requirements of section 3.2 of these guidelines;
- the requirements of the Code; and
- the intent and objectives of the Code.

The Commission may, by notice in writing, either:

- approve; or
- require amendments to

a Regulatory Accounting Manual.

In deciding whether to approve a Regulatory Accounting Manual or an amendment thereto, the Commission will have regard to:

- the requirements of these guidelines with particular emphasis on the requirements of section 3.2 of these guidelines;
- the requirements of the Code; and
- the intent and objectives of the Code.

If the Commission requires amendments to a Regulatory Accounting Manual it will inform the Service Provider in writing of:

- its decision to require the Regulatory Accounting Manual to be amended;
- its reasons requiring amendments to the Regulatory Accounting Manual; and
- a requirement to resubmit the Regulatory Accounting Manual by a date not less than 30 days from the date of issuing notice of the requirements for amendment. A Service Provider should resubmit a Regulatory Accounting Manual by that date.

A Service Provider should regularly review its approved Regulatory Accounting Manual to ensure that the Regulatory Accounting Manual is effective in meeting:

- the requirements of the Code; and

- the intent and objectives of the Code; and
- the requirements of these guidelines.

### **3.4 Regulatory Accounting Manual amendments**

A Service Provider may request the Commission to approve an amendment to its Regulatory Accounting Manual at any time.

The Commission will assess a request by a Service Provider for amendment of a Regulatory Accounting Manual in accordance with the criteria outlined in section 3.3 of these guidelines.

The Commission reserves the right to vary or revoke its approval under section 4.2(b) of the Code of the Service Provider's Regulatory Accounting Manual where necessary.



## **Part 2: Reporting requirements**

## 4 Annual reporting requirements

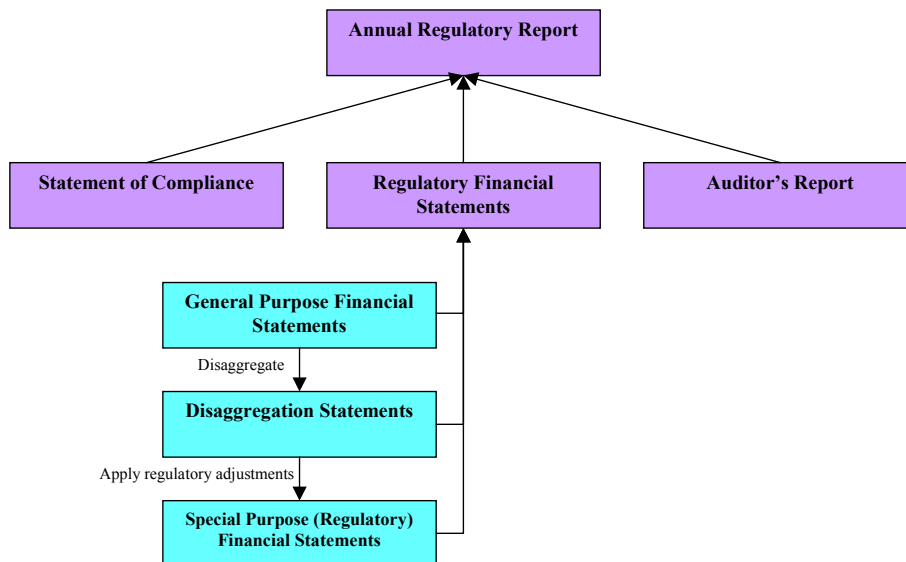
### 4.1 General information

Sections 4 and 5 of the guidelines set out, pursuant to sections 4.2(a), 4.12 and 4.13 of the Code, annual reporting requirements for Service Providers.

A Service Provider must prepare an Annual Regulatory Report for submission to the Commission. The Annual Regulatory Report must include;

- Statement of Compliance; and
- Regulatory Financial Statements comprising:
  - the Service Provider's General Purpose Financial Statements;
  - Disaggregation Statements (including supporting schedules); and
  - Special Purpose (Regulatory) Financial Statements (including supporting schedules); and
- Auditor's Report

This report assists the Commission to determine compliance with the ring fencing minimum obligations specified in sections 4 of the Code. The diagram below outlines the information required to be submitted in the Annual Regulatory Report.



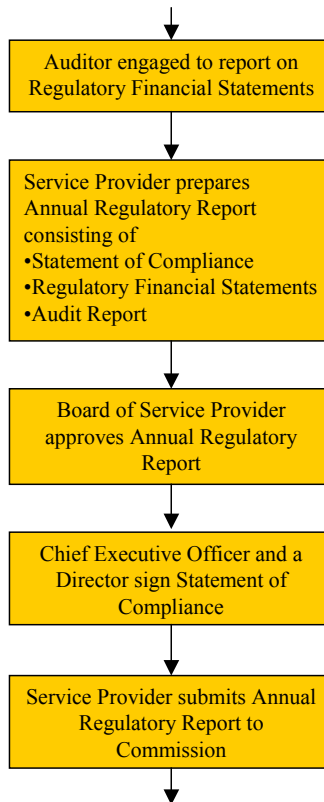
To assist Service Providers, the Commission has included the following additional guidance in appendices to these guidelines:

- Pro forma Statement of Compliance (Appendix 2)
- Illustrative examples of Auditor's reports (Appendix 3)

Flowchart 4 gives a broad outline of the requirements specified in this section.

***Flowchart 4: Annual reporting requirements***

**SEE SECTIONS 2, 3 & 5 OF GUIDELINE FOR  
Regulatory Accounting Manual Approval Process  
& Regulatory Financial Statement Preparation  
& Auditing Requirements**



**SEE SECTION 3 OF THIS GUIDELINE FOR  
Regulatory Accounting Manual Review Process**

## **4.2 Annual reporting requirements**

A Service Provider must submit to the Commission an Annual Regulatory Report consisting of;

- a Statement of Compliance prepared in accordance with section 4.3 of these guidelines;
- Regulatory Financial Statements prepared in accordance with the Services Provider's Regulatory Accounting Manual (which would incorporate section 2 of these guidelines); and
- an Auditor's Report prepared in accordance with section 5.2 of these guidelines.

A Service Provider must submit its most recently approved Regulatory Accounting Manual with the Annual Regulatory Report for the purposes of:

- assisting the Commission to understand the basis on which the Service Providers' Regulatory Financial Statements have been prepared; and
- avoiding doubt about the document the Auditor refers to when passing an opinion on whether information is presented fairly in accordance with the Service Provider's Regulatory Accounting Manual.

The Annual Regulatory Report must be submitted to the Commission within two months of the directors of a Service Provider signing audited annual General Purpose Financial Statements.

Upon written request by a Service Provider, the Commission may approve, by notice in writing, an alternative date of submission for the Annual Regulatory Report. In making such a request, a Service Provider must provide an explanation of the reasons for requesting an alternate date of submission.

Likewise, should special circumstances such as a need to approve an Access Arrangement dictate a need for an earlier submission, the Commission reserves the right to request an Annual Regulatory Report to be submitted at an earlier date. The Commission would make such a request in writing and at least 90 days before the required submission date.

An Annual Regulatory Report must be approved by the Board of Directors of a Service Provider prior to submission to the Commission.

## **4.3 Statement of compliance**

The objective of a Statement of Compliance is to:

- ensure that the Chief Executive Officer and the Board of a Service Provider are satisfied that the Service Provider has complied with the obligations specified in sections 4.1(c), (d) and (e) of the Code and the requirements of these guidelines;
- formally represent to the Commission that the Service Provider has so complied; and
- take formal responsibility for the Regulatory Financial Statements. In this way the Statement of Compliance is similar to the Directors' Responsibility Statement that normally accompanies

General Purpose Financial Statements. This ownership also allows an auditor to pass an opinion on the Special Purpose (Regulatory) Financial Statements as it allows the auditor's responsibility to be clearly separated from the Service Provider's responsibility to prepare those Statements.

The Statement of Compliance should only deviate from the pro forma specified in Appendix 2 where a Service Provider believes that alternative wording may better fulfil the outcome objectives of the Statement.

Prior to submission to the Commission, a Statement of Compliance must be;

- approved by the Board of Directors of the Service Provider; and
- signed by the Chief Executive Officer of the Service Provider; and
- signed by one other Director of the Service Provider.

## **5 Annual auditing requirements**

### **5.1 General information**

A Service Provider must engage an auditor to report on the Special Purpose (Regulatory) Financial Statements. The purpose of the auditor's report is to provide assurance to the Commission and the Service Provider that the Special Purpose (Regulatory) Financial Statements have been prepared in accordance with the Service Provider's Regulatory Accounting Manual, these guidelines and the Code. This is to provide a level of assurance on the Special Purpose (Regulatory) Financial Statements comparable to that which would be provided for a Service Provider's General Purpose Financial Statements. Because the Special Purpose (Regulatory) Financial Statements are derived by adjustments made to a Service Provider's General Purpose Financial Statements, the scope of the additional audit work required for the auditor to report to the Commission, would normally be constrained to an examination of the adjustments made to those audited statements, and the fairness of how information is presented to the Commission.

This section outlines the Commission's requirements for an auditor's report on the Special Purpose (Regulatory) Financial Statements.

### **5.2 Auditor's report**

A Service Provider must engage an independent auditor to report on the Special Purpose (Regulatory) Financial Statements in accordance with Australian Auditing Standards.

An auditor engaged under these guidelines will have a duty of care to the Commission in making any report on the Special Purpose (Regulatory) Financial Statements. Any report by an Auditor must be addressed to both the Commission and the Service Provider.

Unless notified to the contrary by the Commission, an auditor must provide a report on "Special Purpose Financial Statements" in accordance with Auditing Standard AUS802 "The Audit Report on Financial Information other than a General Purpose Financial Report".

However, the Commission may alternatively require an "Independent Review" Report in accordance with Australian Auditing Standard AUS902 "Review of Financial Reports" in circumstances where the Commission may not require as great a level of assurance as that normally provided by an Auditor's report on Special Purpose Financial Statements. This may allow the Commission to reduce the regulatory audit burden on Service Providers where there may be a relatively low risk of misstatement in the Special Purpose (Regulatory) Financial Statements.

Appendix 3 provides illustrative examples of the form of each type of auditor's report.

If requested by the Commission, a Service Provider must allow the Commission to meet, in the presence of the Service Provider, with an auditor engaged under these guidelines. Such a meeting

may be necessary to help the Commission to understand the basis of the auditor's opinion, particularly if the Auditor's report is qualified in any way.

## **6 Additional reporting requirements**

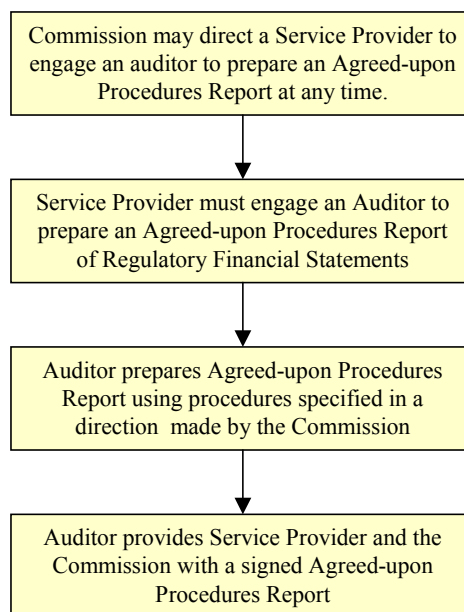
### **6.1 General information**

In some cases, the Commission may require additional information from Service Providers to help it to assess compliance with sections 4.1(c), (d) and (e) of the Code and these guidelines. This section outlines the approach the Commission will take when directing an auditor to report factual findings by means of an Agreed-Upon Procedures Report, under Auditing Standard AUS904 “Engagements to Perform Agreed-Upon Procedures”.

To assist Service Providers, an illustrative example of an Agreed-upon Procedures Report is included in appendix 3 of the guidelines.

Flowchart 5 gives a broad outline of the approaches specified in this section.

#### ***Flowchart 5: Processes for requiring additional reports***





## **6.2 Agreed upon procedures report**

The Commission anticipates that it may require an auditor to conduct Agreed-Upon Procedures where the Commission may require independently reported factual information to help the Commission to form a view on whether a Service Provider has met its Ring Fencing Minimum Obligations under the Code, and the requirements of these guidelines.

For example, a need to commission an Agreed-Upon Procedures Report might arise where the Commission may have a reasonable concern that the Regulatory Accounting Manual and/or the Special Purpose (Regulatory) Financial Statements do not disclose a sufficiently transparent basis for how costs have been allocated. This could give rise to risks that:

- a Service Provider has not complied with the Code's Ring Fencing Minimum Obligations; and/or
- the Commission has insufficient information to allow it to form a view on this matter.

In such an instance, an Agreed-Upon Procedures Report may help to resolve the risk by providing the Commission with an independent source of relevant factual information.

The Commission may at any time direct, in writing, a Service Provider to engage an independent auditor to report, in the form of an Agreed-upon Procedures Report, on the Special Purpose (Regulatory) Financial Statements or the Regulatory Accounting Manual.

In making such a direction the Commission will set out specific procedures to be undertaken by an auditor and a reasonable timeframe in which the auditor will be asked to report.

An Auditor engaged under section 6.2 of these guidelines will have a duty of care to the Commission. The auditor's report shall be addressed to both the Commission and the Service Provider.

If requested by the Commission, a Service Provider must allow the Commission to meet, in the presence of the Service Provider, with an auditor engaged under section 6.2 of these guidelines to discuss the basis of the auditor's findings.

## 7 Glossary

**Accounting Date** means the date at which a Service Provider's General Purpose Financial Statements report its Statement of Financial Performance and Statement of Financial Position

**Annual Regulatory Report** has the meaning specified in section 4.2 of these guidelines

**Asset Schedule** means the schedule included in the Special Purpose (Regulatory) Financial Statements, described in section 2.7.8 of these guidelines.

**Auditing Standards** means Auditing Standards prepared by the Australian Auditing and Assurance Standards Board and issued by the Accounting Bodies (CPA Australia and ICAA)

**Directly Attributable** - An item is Directly Attributable to an object such as a Covered Pipeline, if it is wholly and exclusively associated with that object.

**Director** means a Director of a Service Provider. Where a Service Provider is not an entity that appoints Directors, Directors shall refer to the senior managers of the Service Provider, whose identity shall be confirmed by the Service provider with the Commission, prior to the delivery of the information required by these guidelines.

**Disaggregation Statement** means a statement and supporting schedules that comprises a Service Provider's General Purpose Financial Statements disaggregated between Covered Pipelines and other business activities.

**Discretionary Heading** means an account heading chosen at the Service Provider's discretion, which provides a reader with a fair and reasonable understanding of costs or assets reported in Special Purpose (Regulatory) Financial Statements.

**General Purpose Financial Statements** means financial statements intended to meet the information needs common to users who are unable to command the preparation of reports tailored so as to satisfy, specifically, all of their information needs. For the purposes of these guidelines, this includes information which would comprise a Service Provider's Annual Report.

**Immaterial** means not **Material**

**Material** – An item is Material if its omission, misstatement or non disclosure has the potential to prejudice the understanding of the financial position and financial performance of a Covered Pipeline, gained by reading the Regulatory Accounting Statements

**Regulatory Financial Statements** have the meaning specified in section 2.3 of these guidelines

**Special Purpose (Regulatory) Financial Statements** means both a Statement of Financial Performance and Statement of Financial Position and supporting schedules prepared for a Covered Pipeline in accordance with section 2 of these guidelines.

## **Appendix 1: Preparing a Regulatory Accounting Manual**

## **General Information**

The Commission would expect a Regulatory Accounting Manual to incorporate, by reference, the requirements of section 2 (and Appendices 4 and 5) of these guidelines. This appendix provides guidance on the Commission's expectations of the additional matters to be covered by a Regulatory Accounting Manual. It sets out a pro forma structure for a typical Manual and describes the key features of major sections. This appendix should be regarded as indicating the minimum information the Commission requires. A Service Provider may choose to add to or expand the format of the Manual if it helps to better accomplish the Manual's objectives set out in section 3 of these guidelines.

## **Pro forma structure of a Regulatory Accounting Manual**

### ***Section 1: Introduction***

Contents / structure of Manual

### ***Section 2: Roles and Responsibilities***

This section should identify who is responsible for:

- updating and maintaining the Manual;
- preparing the Regulatory Financial Statements; and
- reviewing and approving the Regulatory Financial Statements.

It should also set out procedures:

- that ensure that those involved in the preparation and review of the Regulatory Financial Statements have read and understood the Manual and its contents; and
- for reviewing the Manual to ensure that its overall effect is to provide practical and transparent explanations of how the accounting policies and procedures the Service Provider uses to prepare the Regulatory Financial Statements for each Covered Pipeline;
  - meet the cost allocation principles of section 8.1 of the Code and are otherwise fair and reasonable;
  - provide sufficient information and are presented in such a way as to enable the Commission to verify the calculation of the Reference Tariffs for each Covered Pipeline for the period that the Regulatory Financial Statements report on, in accordance with the principles set out in section 8 of the Code;
  - meet the other relevant principles of the Code; and

- meet the principles for preparation of the Regulatory Accounting Statements set out in these guidelines.

The Commission also expects that the Manual will describe:

- the timetable for internal review, audit and submission of Regulatory Financial Statements; and
- the process for managing and seeking the Commission's approval of, amendments to the Manual.

### ***Section 3: Discretionary Headings and accounts structure***

The Manual should describe the Discretionary Headings to be used in the Special Purpose (Regulatory) Financial Statements.

This part of the Manual should also include a:

- high level summary of chart or charts of accounts that record the revenues, costs, assets and liabilities of each Covered Pipeline;
- practical description of the structure of how the chart of accounts records costs (eg. job costing, activity costing or resource or service utilisation); and
- an explanation and mapping of the Discretionary Headings utilised in the Special Purpose (Regulatory) Financial Statements to the relevant chart or charts of accounts for a Covered Pipeline.

### ***Section 4: Disclosure and presentation***

The Manual should provide specific guidance and instructions to the personnel tasked with preparing the Regulatory Financial Statements on the extent and nature of information disclosure and presentation in the Regulatory Financial Statements required to enable the Regulatory Financial Statements to:

- demonstrate how costs allocated to each Covered Pipeline meet the cost allocation principles of section 8.1 of the Code and are otherwise fair and reasonable;
- provide sufficient information and are presented in such a way as to enable the Commission to verify the calculation of the Reference Tariffs for each Covered Pipeline for the period that the Regulatory Financial Statements report on, in accordance with the principles set out in section 8 of the Code; and
- meet the other relevant principles of the Code.

### ***Section 5: Product/service definitions***

This should include:

- details of the different products and services included in the Service Provider's General Purpose Financial Statements which constitute Covered Pipeline Services; and
- how the costs, revenues, assets and liabilities associated with those services map into the chart of accounts that underlie the Service Provider's General Purpose Financial Statements.

### ***Section 6: Disaggregation adjustments***

Explanations of any disaggregation adjustments, together with pro forma journal entries, necessary to effect the disaggregation of revenues, costs, assets and liabilities of each Covered Pipeline included in a Service Provider's General Purpose Financial Statements.

### ***Section 7: Allocation principles and methods***

For each disclosed category of cost, revenue, asset, and liability that is:

- *allocated* to a Covered Pipeline in the Disaggregation Statements, the Manual should provide:
  - a description of the basis of allocation;
  - an explanation of how that basis is consistent with the requirements of section 8.1 of the Code and is otherwise fair and reasonable;
  - a description of how allocations are to be calculated, and where the data for the bases of allocation are sourced from; and
  - a description of the requirements for maintaining records of the bases of allocation that would allow an auditor to replicate any allocation calculation; and
- *directly attributed* to a Covered Pipeline in the Disaggregation Statements, the Manual should provide a description of the characteristics of the cost, revenue, asset; or liability that associate it uniquely with the Covered Pipeline that would enable an auditor to verify that relationship.

### ***Section 8: Regulatory accounting policies***

For any accounting policy;

- that is utilised to prepare the Special Purpose (Regulatory) Financial Statements, that is different to the policies used to prepare the General Purpose Financial Statements of the Service Provider; or
- utilised to prepare the Service Provider's General Purpose Financial Statements, that is not utilised to prepare the Special Purpose (Regulatory) Financial Statements;

the Manual should provide;

- a description of the policy;

- the reasons why the accounting policy treatment differs between the Special Purpose (Regulatory) Financial Statements and the General Purpose Financial Statements; and
- pro forma journal entries for the Regulatory Adjustments that explain the effects of that change in policy.

### ***Section 9: Related party transactions***

Descriptions of:

- the entities or business units that are related parties to the business of the Covered Pipeline; and
- the processes that ensure that all related party transactions that have a material effect on the financial position and financial performance of the Covered Pipeline disclosed by the Special Purpose (Regulatory) Financial Statements, are identified and disclosed in accordance with the “Related Part Transactions” paragraph of section 2.7 of these guidelines.

### ***Section 10: Attribution of asset values***

This section should include policies and explanations that clearly describe how:

- the capital base;
- the recoverable portion of new facilities investment
- capital contributions
- redundant capital; and
- depreciation

are each attributed to each asset or group of assets accounted for in the Asset Schedule.

### ***Section 11: Depreciation schedule***

The Manual should describe how the Depreciation Schedule is attributed to each asset or group of assets accounted for in the Asset Schedule, to provide depreciation charges in the Special Purpose (Regulatory) Financial Statements.

### ***Section 12: Audit and quality control***

The Manual should specify:

- how a Service Provider will ensure that the requirements and procedures set out in the Manual are adhered to, including any internal audit arrangements that might apply to the Manual and/or the Regulatory Financial Statements.

- the procedures for engaging an external auditor and the timetable for the completion of the annual external audit of the Regulatory Financial Statements, in accordance with the requirements of these guidelines.

### ***Section 13: Glossary***

This should contain any definitions of common or technical terms used in the Manual or in a Service Provider's business that a reader independent of the Service Provider may require to fully understand the Manual. Where appropriate, defined words and phrases should have the same meaning as has been given to them in the Code and the guidelines.



## **Appendix 2: Statement of compliance**

### ***Statement of Compliance of <<Service Provider>> for the regulatory accounting period ended <<date>>***

We declare that;

- The Regulatory Financial Statements for the period ended [date] on pages ..... to ..... attached herewith have been prepared in accordance with all of the requirements and procedures specified in;
  - The Regulatory Reporting Guidelines for Gas Pipeline Service Providers (the guidelines) published by the Commission; and
  - The most recently approved Regulatory Accounting Manual of <<Service Provider>> (attached) which was approved on [date].
- <<Service Provider>> has maintained a compliance program during the financial year <<year>> that ensures that;
  - Appropriate internal procedures have been established and maintained to ensure compliance with all obligations specified in sections 4.1(c), (d) and (e) of the National Third Party Access Code for Natural Gas Pipeline Systems (the Code);
  - Appropriate internal controls have been established and maintained to ensure that the procedures specified in the most recently approved Regulatory Accounting Manual of <<Service Provider>> are followed;
  - Appropriate internal procedures have been established and maintained to ensure compliance with all obligations specified in the guidelines published by the Commission; and
  - The Regulatory Accounting Manual has been regularly reviewed.
- The Board of Director's of <<Service Provider>> has approved this statement at its meeting on <<date>>.

Signed by:

---

<<NAME>>  
CHIEF EXECUTIVE OFFICER  
<<DATE>>

---

<<NAME>>  
DIRECTOR  
<<DATE>>

## **Appendix 3: Example auditor's reports**

### **A3.1 Example of an auditor’s report Special Purpose Financial Statements under Auditing Standard AUS802 “The Audit Report on Financial Information Other than a General Purpose Financial Report”**

The Australian Competition and Consumer  
Commission  
<<Address>>

<<Date>>  
The Chief Executive Officer  
<<Service Provider>>  
<< Service Provider Address >>

Dear <<Sir/Madam>>

#### **GENERAL PURPOSE (REGULATORY) FINANCIAL STATEMENTS FOR PERIOD ENDING <<DATE>>**

We have audited the Special Purpose (Regulatory) Financial Statements of <<Service Provider>> (the Service Provider) for the Regulatory Accounting Period ended <<period end>> being Special Purpose Financial Statements, comprising a Statement of Financial Performance and a Statement of Financial Position, and relevant notes, set out on pages \_\_ to \_\_.

<<Service Provider>> is responsible for preparing the Special Purpose (Regulatory) Financial Statements in accordance with Regulatory Reporting Guidelines for Gas Pipeline Service Providers (“the guidelines”) published by the Australian Competition and Consumer Commission (“the Commission”) on [date] and <<Service Provider’s>> Regulatory Accounting Manual approved by the Commission on [date]. We have conducted an independent audit of the Special Purpose Financial Statements in order to express an opinion on them to the Commission and the Service Provider, on their preparation and presentation. No opinion is expressed as to whether the accounting policies used are appropriate to the needs of the members of <<Service Provider>>.

The Special Purpose (Regulatory) Financial Statements have been prepared for the purpose of fulfilling the requirements of the guidelines published by the Commission. This report is prepared for the Commission and the Service Provider and is not to be used for any other purpose than those specified herein. We disclaim any assumption of responsibility for any reliance on this report, or on the Special Purpose (Regulatory) Financial Statements to which it relates, to any person other than that for which it was prepared.

Our audit has been conducted in accordance with Australian Auditing Standards. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the Special Purpose (Regulatory) Financial Statements and the guidelines.

These procedures have been undertaken to form an opinion as to whether, in all material respects, the Special Purpose (Regulatory) Financial Statements are presented fairly in accordance with the Regulatory Accounting Manual and the guidelines. The Regulatory Accounting Manual and the guidelines do not require the application of all Accounting Standards nor other mandatory professional reporting requirements.

The audit opinion expressed in this report has been formed on the above basis.

<<Audit Opinion>>

In our opinion, the Special Purpose (Regulatory) Financial Statements present fairly, in accordance with the Regulatory Accounting Manual and the guidelines, the financial position of <<Covered Pipeline>> as at the period ending <<date>> and the results of <<Covered Pipeline>> for the period then ended.

Yours sincerely

---

<<Name of Auditor>>

Chartered Accountant

---

<<Name of Signatory>>

Partner

## **A3.2 Example of an Independent Review Report and Auditing Standard AUS902 “Review of Financial Reports”**

The Australian Competition and Consumer  
Commission  
<<Address>>

<<Date>>  
The Chief Executive Officer  
<<Service Provider>>  
<< Service Provider Address >>

Dear <<Sir/Madam>>

### **INDEPENDENT REVIEW REPORT**

We have reviewed the Special Purpose (Regulatory) Financial Statements of <<Covered Pipeline>> (the Service Provider) for the period ending <<date>>. The Board of <<Service Provider>> is responsible for the Special Purpose (Regulatory) Financial Statements. We have performed the review of the Special Purpose (Regulatory) Financial Statements in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the Special Purpose (Regulatory) Financial Statements are not fairly presented in accordance with requirements of the Regulatory Reporting Guidelines for Gas Pipeline Service Providers (“the guidelines”) published by the Australian Competition and Consumer Commission (“the Commission”) and the Regulatory Accounting Manual prepared by <<Service Provider>> and approved by the Commission on [date].

The Special Purpose (Regulatory) Financial Statements have been prepared for <<Service Provider>> for the purpose of fulfilling the requirements of the Regulatory Accounting Manual of the Service Provider. Our report is solely for the purpose set forth in the first paragraph of this report and for submission to the Commission and is not to be used for any other purpose or distributed to any other party. This report relates only to the accounts and items specified above and does not extend to any financial report of <<Service Provider>> taken as a whole.

Our review was undertaken in accordance with Australian Auditing Standards applicable to those review engagements. A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, do not express an audit opinion.

#### **Statement**

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Special Purpose (Regulatory) Financial Statements of <<Covered Pipeline>> for

the period ending <<period end>> does not present fairly the Special Purpose (Regulatory) Financial Statements for the <<period>> then ended in accordance with the guidelines and <<Service Provider>> Regulatory Accounting Manual.

Yours sincerely

---

<<Name of Auditor>>  
Chartered Accountant

---

<<Name of Signatory>>  
Partner

### **A3.3 Example of agreed-upon procedures report under AUS904 “Engagements to Perform Agreed-Upon Procedures”**

<<Date>>  
The Chief Executive Officer  
<<Service Provider>>  
<< Service Provider Address >>

The Australian Competition and  
Consumer Commission  
<<Address>>

Dear <<Sir/Madam>>

#### **REPORT OF FACTUAL FINDINGS**

We have performed the procedures agreed with you as detailed in written instructions of <<date>> and described below with respect to the Special Purpose Financial Statements of <<Service Provider>> (the Service Provider) for the period ending <<date>> set out in the attached schedules

<<Description and Reference to schedules>>.

Our engagement was undertaken in accordance with Australian Auditing Standards applicable to Agreed-upon Procedures engagements. The responsibility for determining the adequacy or otherwise of the procedures agreed to be performed is that of the <<Service Provider/Australian Competition and Consumer Commission>><sup>2</sup>. The procedures were performed solely to assist you and the Commission in evaluating the compliance of <<Service Provider>> with clauses <<relevant clauses>> of the Regulatory Reporting Guidelines for Gas Pipeline Service Providers (the guidelines) published by the Commission and are summarised as follows:

<<Agreed-upon procedure 1>>  
<<Agreed-upon procedure 2>>  
<<Agreed-upon procedure 3>>  
<<etc>>

Because the above procedures do not constitute either an audit in accordance with Australian Auditing Standards or a review in accordance with Australian Auditing Standards applicable to review engagements, we do not express any assurance on the Special Purpose Financial Statements of <<Service Provider>>. Had we performed additional procedures or had we performed an audit in accordance with Australian Auditing Standards or a review in accordance with Australian Auditing Standards applicable to review engagements, other matters might have come to our attention that would have been reported to you.

---

<sup>2</sup> Note: This would be the party that formally instructed the auditor.

We report as follows:

- With respect to Agreed-upon procedure 1... << >>
- With respect to Agreed-upon procedure 2...<< >>
- With respect to Agreed-upon procedure 3...<< >>

Our report is solely for the purpose set forth in the first paragraph of this report and for the information of <<Service Provider>> and the Commission and is not to be used for any other purpose or distributed to any other party. This report relates only to the accounts and items specified above and does not extend to any financial report of <<Service Provider>> taken as a whole.

Yours sincerely

---

<<Name of Auditor>>  
Chartered Accountant

---

<<Name of Signatory>>  
Partner



## **Appendix 4: Pro formas**

The attached pro formas are provided to assist Service Providers in preparing a proposed Regulatory Accounting Manual. The Commission expects that the Manual will provide for the preparation of Regulatory Financial Statements in accordance with the pro formas and the requirements of section 2 of these guidelines. The pro formas presented in this appendix are,

- Disaggregation Statements (Statements 100, 200)
- Special Purpose (Regulatory) Financial Statement (Statements 101, 201)
- Statement of Disaggregation Adjustments (Statement 102)
- Statement of Regulatory Adjustments (Statement 103)
- Asset Schedule (Statement 200A)
- Provisions Schedule (Statement 200B)

Completed examples of these pro formas are attached in Appendix 5 for illustrative purposes.

## Statement 100: Statement of Financial Performance – Disaggregation Statement

**STATEMENT 100**

**Statement of Financial Performance - Disaggregation Statements**  
Period ended <<period end>>

Description	Audited financial statements \$'000's	Covered Pipeline 1			Covered Pipeline 2			Unregulated Activities			Not Attributed \$'000's	Workpaper reference
		Attributed Amount \$'000's	Disaggregation Adjustment \$'000's	Disaggregated Amount \$'000's	Attributed Amount \$'000's	Disaggregation Adjustment \$'000's	Disaggregated Amount \$'000's	Attributed Amount \$'000's	Disaggregation Adjustment \$'000's	Disaggregated Amount \$'000's		
Operating revenue												
Non operating revenue (eg interest/dividends)												
Proceeds from sale of assets												
<b>Revenue from ordinary activities</b>												
Non capital costs												
<i>Discretionary heading - eg Materials and consumables</i>												
<i>Discretionary heading - eg Service contract operating costs</i>												
<i>Discretionary heading - eg Administration costs</i>												
Depreciation and amortisation expenses												
<b>Operating expenses from ordinary activities</b>												
<b>Profit from ordinary activities before interest and tax</b>												
Interest Payable												
<b>Profit/loss from ordinary activities before income tax</b>												
Income Tax												
<b>Profit/loss from ordinary activities after income tax</b>												

## Statement 200: Statement of Financial Position -Disaggregation Statement

**STATEMENT 200**

Stament of Financial Position - Disaggregation Statements  
Period ended <<period end>>

Description	Audited financial statements \$'000's	Covered Pipeline 1			Covered Pipeline 2			Unregulated Activities			Not Attributed \$'000's	Workpaper reference
		Attributed Amount \$'000's	Disaggregation Adjustment \$'000's	Disaggregated Amount \$'000's	Attributed Amount \$'000's	Disaggregation Adjustment \$'000's	Disaggregated Amount \$'000's	Attributed Amount \$'000's	Disaggregation Adjustment \$'000's	Disaggregated Amount \$'000's		
<b>Current assets</b>												
Cash												
Receivables												
Inventories												
Other												
<b>Total current assets</b>												
<b>Non-current assets</b>												
Receivables												
Investments												
Other												
Property, plant and equipment												
<b>Total non-current assets</b>												
<b>Total assets</b>												
<b>Current liabilities</b>												
Payables												
Loans/overdrafts												
Tax liabilities												
Other												
Provisions												
<b>Total current liabilities</b>												
<b>Non-current liabilities</b>												
Payables												
Loans												
Other												
Provisions												
<b>Total non-current liabilities</b>												
<b>Total liabilities</b>												
<b>Net Assets</b>												

## Statement 101: Statement of Financial Performance – Special Purpose (Regulatory) Financial Statement

### STATEMENT 101

#### Statement of Financial Performance - Special Purpose (Regulatory) Financial Statement Covered Pipeline

Period ended <<period end>>

Description	Covered Pipeline 1 \$'000's	Journal number	Regulatory Adjustments \$'000's	Regulatory Accounting Statements \$'000's	Support reference
Operating revenue					
Non operating revenue (eg interest/dividends)					
Proceeds from sale of assets					
<b>Revenue from ordinary activities</b>					
Non capital costs					
<i>Discretionary heading - eg Materials and consumables</i>					
<i>Discretionary heading - eg Service contract operating costs</i>					
<i>Discretionary heading - eg Administration costs</i>					
Depreciation and amortisation expenses					
<b>Operating expenses from ordinary activities</b>					
<b>Profit from ordinary activities before interest and tax</b>					

## Statement 201: Statement of Financial Position – Special Purpose (Regulatory) Financial Statement

**STATEMENT 201**

Statement of Financial Position - Special Purpose (Regulatory) Financial Statement Covered Pipeline  
Period ended <<period end>>

Description	Covered Pipeline 1 \$'000's	Journal number	Regulatory Adjustments \$'000's	Regulatory Accounting Statements \$'000's	Support reference
<b>Current assets</b>					
Cash					
Receivables					
Inventories					
Other					
<b>Total current assets</b>					
<b>Non-current assets</b>					
Receivables					
Investments					
Other					
Property, plant and equipment					
<b>Total non-current assets</b>					
<b>Total assets</b>					
<b>Current liabilities</b>					
Payables					
Loans					
Tax liabilities					
Other					
Provisions					
<b>Total current liabilities</b>					
<b>Non-current liabilities</b>					
Payables					
Loans					
Other					
Provisions					
<b>Total non-current liabilities</b>					
<b>Total liabilities</b>					
<b>Net Assets</b>					

## Statement 102: Statement of Disaggregation Adjustments

**STATEMENT 102**

**Disaggregation Adjustment Journals**

Period ended <<period end>>

Journal number	Account Debited Account Credited	Amount Debit \$'000's	Amount Credit \$'000's	Supporting Statement Number

This statement must contain for each disaggregation adjustment made on any statements prepared in accordance with these guidelines

- a) a journal entry showing accounts debited and credited
- b) an explanation of why the adjustment has been made
- c) if applicable, a reference to the appropriate section of the Regulatory Accounting Manual

## Statement 103: Statement of Regulatory Adjustments

**STATEMENT 103**

**Regulatory Adjustment Journals - Covered Pipeline**  
Period ended <<period end>>

Journal number	Account Debited Account Credited	Amount Debit \$'000's	Amount Credit \$'000's	Supporting Statement Number

This statement must contain for each regulatory adjustment made on any statements prepared in accordance with these guidelines

- a) a journal entry showing accounts debited and credited
- b) an explanation of why the adjustment has been made
- c) if applicable, a reference to the appropriate section of the Regulatory Accounting Manual

## Statement 200A: Asset Schedule

### STATEMENT 200A

Workpaper supporting Special Purpose (Regulatory) Financial Statements - Property, Plant and Equipment  
Period ended <<period end>>

Description	REGULATORY VALUES				Financial Accounting Capital WIP \$'000's
	Covered pipeline			Total	
	<i>Discretionary headings to go here</i>				
	\$'000's	\$'000's	\$'000's	\$'000's	
<b>Gross regulatory assets at prior accounting date</b>					
Additions/capex					
Transfers from WIP					
Retirements/disposals during period					
<b>Gross regulatory assets at end of period</b>					
<b>Accumulated depreciation at start of period</b>					
Current period depreciation charge					
Depreciation released on disposals					
<b>Accumulated depreciation at end of period</b>					
<b>Net values (capital base) at start of period</b>					
<b>Net values (capital base) at end of period</b>					



## Statement 200B: Provisions schedule

### STATEMENT 200B

#### Workpaper supporting disaggregation statements - Provisions

Period ended <<period end>>

Description	Covered Pipeline 1 \$'000's	Covered Pipeline 2 \$'000's	Unregulated Activities \$'000's	Disaggregation Adjustments \$'000's	Not allocated \$'000's	Total \$'000's
Balances at Start of Period						
Amount set aside to provisions						
Expenditure incurred debited to provisions						
Amounts written back from provisions						
Balances at end of period as per Statement of Financial Position						
Analysis of provisions						
Current provisions						
Non current provisions						
Total per Statement of Financial Position						

## **Appendix 5: Example completed pro formas**

This appendix provides completed examples of the pro formas outlined in Appendix 4 and are provided for illustrative purposes only.

## Statement 100: Statement of Financial Performance – Disaggregation Statement

STATEMENT 100

Statement of Financial Performance - Disaggregation Statements  
Period ended <<period end>>

Description	Audited financial statements \$'000's	Covered Pipeline 1			Covered Pipeline 2			Unregulated Activities			Not Attributed \$'000's	Workpaper reference
		Attributed Amount \$'000's	Disaggregation Adjustment \$'000's	Disaggregated Amount \$'000's	Attributed Amount \$'000's	Disaggregation Adjustment \$'000's	Disaggregated Amount \$'000's	Attributed Amount \$'000's	Disaggregation Adjustment \$'000's	Disaggregated Amount \$'000's		
Operating revenue	99,536	55,664		55,664	41,995		41,995	1,877	5,000	6,877		102
Non operating revenue (eg interest/dividends)	7,002										7,002	
Proceeds from sale of assets	5,804	2,458		2,458	3,346		3,346					
<b>Revenue from ordinary activities</b>	<b>112,342</b>	<b>58,122</b>		<b>58,122</b>	<b>45,341</b>		<b>45,341</b>	<b>1,877</b>	<b>5,000</b>	<b>6,877</b>	<b>7,002</b>	
Non capital costs												
<i>Discretionary heading - eg Materials and consumables</i>	(22,058)	(10,360)		(10,360)	(11,646)		(11,646)	(52)		(52)		
<i>Discretionary heading - eg Service contract operating costs</i>	(52,568)	(30,256)	(5,000)	(35,256)	(21,050)		(21,050)	(1,262)		(1,262)		102
<i>Discretionary heading - eg Administration costs</i>	(1,354)	(521)		(521)	(624)		(624)	(209)		(209)		
Depreciation and amortisation expenses	(12,125)	(4,915)		(4,915)	(7,153)		(7,153)	(57)		(57)		
<b>Operating expenses from ordinary activities</b>	<b>(88,105)</b>	<b>(46,052)</b>	<b>(5,000)</b>	<b>(51,052)</b>	<b>(40,473)</b>		<b>(40,473)</b>	<b>(1,580)</b>		<b>(1,580)</b>		
<b>Profit from ordinary activities before interest and tax</b>	<b>24,237</b>	<b>12,070</b>	<b>(5,000)</b>	<b>7,070</b>	<b>4,868</b>		<b>4,868</b>	<b>297</b>	<b>5,000</b>	<b>5,297</b>	<b>7,002</b>	
Interest Payable	(4,526)											
<b>Profit/loss from ordinary activities before income tax</b>	<b>19,711</b>											
Income Tax	(8,812)											
<b>Profit/loss from ordinary activities after income tax</b>	<b>10,899</b>											

Note - See Statement 102 for disaggregation adjustments

## Statement 200: Statement of Financial Position -Disaggregation Statement

STATEMENT 200

Stament of Financial Position - Disaggregation Statements  
Period ended <<period end>>

Description	Audited financial statements \$'000's	Covered Pipeline 1			Covered Pipeline 2			Unregulated Activities			Not Attributed \$'000's	Workpaper reference
		Atributed Amount \$'000's	Disaggregation Adjustment \$'000's	Disaggregated Amount \$'000's	Atributed Amount \$'000's	Disaggregation Adjustment \$'000's	Disaggregated Amount \$'000's	Atributed Amount \$'000's	Disaggregation Adjustment \$'000's	Disaggregated Amount \$'000's		
<b>Current assets</b>												
Cash	7,895									7,895		
Receivables	9,865	5,514		5,514	3,535		3,535	816	1,000	1,816	102	
Inventories	5,426	3,426		3,426	2,000		2,000					
Other	856	629		629	227		227					
<b>Total current assets</b>	<b>24,042</b>											
<b>Non-current assets</b>												
Receivables	56							56		56		
Investments	136,000									136,000		
Other	35									35		
Property, plant and equipment	277,938	150,875		150,875	60,850		60,850	66,213		66,213		
<b>Total non-current assets</b>	<b>414,029</b>											
<b>Total assets</b>	<b>438,071</b>											
<b>Current liabilities</b>												
Payables	25,601	12,490	1,000	13,490	13,086		13,086	25		25	102	
Loans/overdrafts												
Tax liabilities	316									316		
Other												
Provisions	215	135		135	71		71	9		9	200B	
<b>Total current liabilities</b>	<b>26,132</b>											
<b>Non-current liabilities</b>												
Payables	121	67		67	46		46	8		8		
Loans												
Other												
Provisions	98	34		34	60		60	4		4	200B	
<b>Total non-current liabilities</b>	<b>219</b>											
<b>Total liabilities</b>	<b>26,351</b>											
<b>Net Assets</b>	<b>411,720</b>											

## Statement 101: Statement of Financial Performance – Special Purpose (Regulatory) Financial Statement

### STATEMENT 101

#### Statement of Financial Performance - Special Purpose (Regulatory) Financial Statement Covered Pipeline 1

Period ended <<period end>>

Description	Covered Pipeline 1 \$'000's	Journal number	Regulatory Adjustments \$'000's	Regulatory Accounting Statements \$'000's	Support reference
Operating revenue	55,664			55,664	
Non operating revenue (eg interest/dividends)					
Proceeds from sale of assets	2,458			2,458	
<b>Revenue from ordinary activities</b>	<b>58,122</b>			<b>58,122</b>	
Non capital costs					
<i>Discretionary heading - eg Materials and consumables</i>	(10,360)			(10,360)	
<i>Discretionary heading - eg Service contract operating costs</i>	(35,256)			(35,256)	
<i>Discretionary heading - eg Administration costs</i>	(521)			(521)	
Depreciation and amortisation expenses	(4,915)	3,4	(2,685)	(7,600)	<b>103</b>
<b>Operating expenses from ordinary activities</b>	<b>(51,052)</b>			<b>(53,737)</b>	
<b>Profit from ordinary activities before interest and tax</b>	<b>7,070</b>			<b>4,385</b>	

## Statement 201: Statement of Financial Position – Special Purpose (Regulatory) Financial Statement

**STATEMENT 201**

**Statement of Financial Position - Special Purpose (Regulatory) Financial Statement Covered Pipeline 1**  
Period ended <<period end>>

Description	Covered Pipeline 1 \$'000's	Journal number	Regulatory Adjustments \$'000's	Regulatory Accounting Statements \$'000's	Support reference
<b>Current assets</b>					
Cash					
Receivables	5,514			5,514	
Inventories	3,426			3,426	
Other	629			629	
<b>Total current assets</b>					
<b>Non-current assets</b>					
Receivables					
Investments					
Other					
Property, plant and equipment	150,875	1,2,3,4,5,6,7	(47,665)	103,210	103
<b>Total non-current assets</b>					
<b>Total assets</b>					
<b>Current liabilities</b>					
Payables	13,490			13,490	
Loans					
Tax liabilities					
Other					
Provisions	135			135	
<b>Total current liabilities</b>					
<b>Non-current liabilities</b>					
Payables	67			67	
Loans					
Other					
Provisions	34			34	
<b>Total non-current liabilities</b>					
<b>Total liabilities</b>					
<b>Net Assets</b>					

Note: The net regulatory adjustment to property, plant and equipment comprises the following

Journal reference (See stmt 103)	Net Debits/ (Credits)
1	(57,675)
2	10,785
3	4,915
4	(7,600)
5	(90)
6	(2,000)
7	4,000
<b>Total</b>	<b>(47,665)</b>

## Statement 102: Statement of Disaggregation Adjustments

<b>STATEMENT 102</b>					
<b>Disaggregation Adjustment Journals</b>					
Period ended <<period end>>					
Journal number	Account Debited	Account Credited	Amount Debit \$'000's	Amount Credit \$'000's	Supporting Statement Number
1	<b>Stmt Financial Performance - Operating revenue (Unregulated activities)</b> <b>Stmt Financial Performance - Admin costs (Covered pipeline 1)</b> <i>Intracompany recharge of costs</i>		5000	5,000	
2	<b>Stmt Financial Position - Receivables (Covered pipeline 1)</b> <b>Stmt Financial Position - Payables (Unregulated activities)</b> <i>Intracompany balances</i>		1000	1,000	
This statement must contain for each disaggregation adjustment made on any statements prepared in accordance with these guidelines a) a journal entry showing accounts debited and credited b) an explanation of why the adjustment has been made c) if applicable, a reference to the appropriate section of the Regulatory Accounting Manual					

## Statement 103: Statement of Regulatory Adjustments

### STATEMENT 103

#### Regulatory Adjustment Journals - Covered Pipeline 1

Period ended <<period end>>

Journal number	Account Debited Account Credited	Amount Debit \$'000's	Amount Credit \$'000's	Supporting Statement Number
1	<b>Stmt Financial Position - Property, plant &amp; equipment</b> <b>Stmt Financial Position - Property, plant &amp; equipment</b>  <i>Replacement of financial gross asset value brought forward with regulatory gross asset value brought forward</i>	156,200	213,875	200A
2	<b>Stmt Financial Position - PPE accumulated depreciation</b> <b>Stmt Financial Position - PPE accumulated depreciation</b>  <i>Replacement of financial accumulated depreciation brought forward with regulatory accumulated depreciation brought forward</i>	65,785	55,000	200A
3	<b>Stmt Financial Performance - Depreciation charges</b> <b>Stmt Financial Position - Accumulated depreciation</b>  <i>Reversal of financial depreciation charges</i>	4,915	4,915	
4	<b>Stmt Financial Performance - Depreciation charges</b> <b>Stmt Financial Position - Accumulated depreciation</b>  <i>Regulatory depreciation charges</i>	7,600	7,600	200A 200A
5	<b>Stmt Financial Position - Net book value of retired assets</b> <b>Stmt Financial Position - Net book value of retired assets</b>  <i>Replacement of financial accounting value of retired assets with regulatory net book value</i>	300	390	200A
6	<b>Stmt Financial Position - Property, Plant and Equipment</b> <b>Stmt Financial Position - Property, Plant and Equipment</b>  <i>In this example, it is assumed that only \$6 million of the \$8 million capital expenditure would be allowed in the Capital Base.</i>	6,000	8,000	200A
7	<b>Stmt Financial Position - Property, Plant and Equipment</b> <b>Stmt Financial Position - Capital WIP (non regulated)</b>  <i>Transfer of amount from capital work in progress to current years property, plant and equipment due to completion of work</i>	4,000	4,000	200A

This statement must contain for each regulatory adjustment made on any statements prepared in accordance with these guidelines

- a) a journal entry showing accounts debited and credited
- b) an explanation of why the adjustment has been made
- c) if applicable, a reference to the appropriate section of the Regulatory Accounting Manual



## Statement 200A: Asset Schedule

### STATEMENT 200A

Workpaper supporting Special Purpose (Regulatory) Financial Statements - Property, Plant and Equipment  
Period ended <<period end>>

Description	REGULATORY VALUES				Financial Accounting Capital WIP \$'000's
	Covered pipeline 1			Total	
	Discretionary headings to go here				
	\$'000's	\$'000's	\$'000's	\$'000's	
<b>Gross regulatory assets at prior accounting date</b>	41,000	51,200	64,000	156,200	23,600
Additions/capex		6,000		6,000	
Transfers from WIP		4,000		4,000	(4,000)
Retirements/disposals during period	(900)		(1,500)	(2,400)	
<b>Gross regulatory assets at end of period</b>	40,100	61,200	62,500	163,800	19,600
<b>Accumulated depreciation at start of period</b>	13,000	10,000	32,000	55,000	
Current period depreciation charge	2,500	1,600	3,500	7,600	
Depreciation released on disposals	(810)		(1,200)	(2,010)	
<b>Accumulated depreciation at end of period</b>	14,690	11,600	34,300	60,590	
<b>Net values (capital base) at start of period</b>	28,000	41,200	32,000	101,200	23,600
<b>Net values (capital base) at end of period</b>	25,410	49,600	28,200	103,210	19,600

## Additional explanatory information for the purposes of illustration

### ADDITIONAL EXPLANATORY INFORMATION

The following statement sets out financial accounting information that has been assumed for the purposes of providing worked examples of regulatory adjustments. Its sole purpose is to aid understanding of the illustrative completed proformas. It is not a requirement of these guidelines that this information be submitted to the Commission.

Description	FINANCIAL ACCOUNTING VALUES				
	Covered pipeline 1				
	<i>Discretionary headings to go here</i>			Capital WIP	Total
	\$'000's	\$'000's	\$'000's	\$'000's	\$'000's
<b>Gross regulatory assets at prior accounting date</b>	72,000	65,000	53,275	23,600	213,875
Additions/capex		8,000			8,000
Transfers from WIP		4,000		(4,000)	0
Retirements/disposals during period	(600)		(400)		(1,000)
<b>Gross regulatory assets at end of period</b>	71,400	77,000	52,875	19,600	220,875

<b>Accumulated depreciation at start of period</b>	17,000	12,000	36,785		65,785
Current period depreciation charge	1,200	800	2,915		4,915
Depreciation released on disposals	(540)		(160)		(700)
<b>Accumulated depreciation at end of period</b>	17,660	12,800	39,540		70,000

<b>Net book values at start of period</b>	55,000	53,000	16,490	23,600	148,090
<b>Net book values at end of period</b>	53,740	64,200	13,335	19,600	150,875

## Statement 200B: Provisions schedule

### STATEMENT 200B

#### Workpaper supporting disaggregation statements - Provisions

Period ended <<period end>>

Description	Covered Pipeline 1 \$'000's	Covered Pipeline 2 \$'000's	Unregulated Activities \$'000's	Disaggregation Adjustments \$'000's	Not allocated \$'000's	Total \$'000's
Balances at Start of Period	5	249	6			260
Amount set aside to provisions	164		7			171
Expenditure incurred debited to provisions		(88)				(88)
Amounts written back from provisions		(30)				(30)
<b>Balances at end of period as per Statement of Financial Position</b>	<b>169</b>	<b>131</b>	<b>13</b>			<b>313</b>
Analysis of provisions						
Current provisions	135	71	9			215
Non current provisions	34	60	4			98
<b>Total per Statement of Financial Position</b>	<b>169</b>	<b>131</b>	<b>13</b>			<b>313</b>