

QP 6002: Capital Asset Policy (Property, Plant & Equipment and Intangible Software Assets)

Table of Contents

1. Policy.....	2
1.1. Purpose	2
1.2. Recognition.....	2
Asset Cost	2
Useful Life	2
Recognition of Internally Developed Software	3
1.3. Stakeholders.....	3
1.4. Key controls	4
2. Procedure.....	4
2.1. Capital Purchases	4
2.2. Asset Transfers	5
2.3. Asset Write Off.....	6
2.4. Disposal (Sale of Asset)	6
2.5. Partial Transfers, Partial Write Offs and Partial Disposals	6
Example 1: Part Derecognition	7
2.6. Verification of fixed assets.....	7
2.7. Annual Closing and Capital Work in Progress (WIP) Procedures.....	8
2.8. Cancelled WIP Projects.....	8
2.9. IT Hardware Purchases.....	8
3. Documentation	8
3.1. Documents.....	8
3.2. Forms.....	9
3.3. Accounting Standards	9
Appendix 1 –Capital versus Operating Cost – Software Development (Internally Generated Assets).....	10
Appendix 2 – Capital versus Operating Expenditure	12
Improvements and alterations	12
Replacements	12
Repairs of a capital nature	12
Repairs and maintenance	13
Appendix 3 - Definitions.....	16
Asset Categories	16

QP 6002: Capital Asset Policy (Property, Plant & Equipment and Intangible Software Assets)

1. Policy

1.1. Purpose

This policy defines the requirements and criteria for the recognition of Fixed Assets (Property, Plant & Equipment or Intangible Assets). This policy sets out the definition, requirements and criteria for the recognition and treatment of a Non-Current Fixed Asset.

This policy is required in order to:

- Comply with applicable Australian Accounting Standards;
- Satisfy budgetary and expenditure control requirements;
- To ensure that the Asset Registers accurately reflect Capital Assets owned by Endeavour Foundation at a given point in time;
- To reduce the risks associated with the production or supply of goods and services, as a result of inoperable or inappropriate plant and equipment; and
- Ensure that all new assets meet compliance requirements and are fit for purpose.

A Non-Current Fixed Asset is defined as:

- Tangible items of property, plant and equipment that are acquired and held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and have an expected useful life in excess of 12 months
- Meets capitalisation thresholds
- Can be measured reliably
- Has future economic value

1.2. Recognition

An asset is recognised when it is probable that future economic benefits will eventuate from the asset and its cost or value can be reliably measured.

Asset Cost

Actual cost is used for the initial recognition. Assets acquired at no cost or for nominal consideration are recognised at their fair value at the date of acquisition.

The cost of property, plant and equipment comprises the purchase price, excluding GST, plus any costs directly to bringing the equipment to the location and condition necessary for its intended use.

Examples of directly attributable costs include but are not limited to the following:

- Costs of site preparation
- Delivery and handling costs
- Installation and assembly costs
- Development costs (excluding research costs)
- Costs of testing correct asset functionality
- Professional fees
- Peripherals required to use the overarching asset

Useful Life

At the point of recognition the estimated useful life is determined by the asset category.

Extension of the useful life of a building asset may result from work incorporating:

- A more robust material than that used in the original structure;

QP 6002: Capital Asset Policy (Property, Plant & Equipment and Intangible Software Assets)

- A component that benefits from an improved design (e.g. a new more efficient air conditioner motor of the same capacity as the original).

Further information is provided in Appendix 2 – Examples of building expenditure.

Recognition of Internally Developed Software

The cost of an Internally Developed Software intangible asset comprises all directly attributable costs incurred in the Development Stage only (excluding the research stage), necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management.

See Appendix 1 for a table providing examples of project cost allocation for software development costs.

1.3. Stakeholders

<p>Chief Executive Officer and their delegates</p> <p>Responsible in accordance with the Delegations of Authority Policy (QD 6001) for the approval of asset purchases / deletions / write offs</p>	<p>Finance Department</p> <p>Responsible for overall control of budget process and the classification of Capital Assets and Minor Equipment.</p> <p>Responsible for ensuring organisational compliance to the Capital Equipment Procedure and maintaining the organisational Asset Registers</p>	<p>Executive Leadership Team</p> <p>Responsible for the adherence of their officers to budgets and engaging with other departments in the assessment and procurement of assets.</p> <p>Responsible for the recommendation and approval of asset write offs / disposals.</p>
<p>Procurement Department</p> <p>Responsible for sourcing capital assets and the negotiation of appropriate contract terms relating to the purchase and the support of the asset for the duration of its lifecycle.</p>	<p>Asset Management Unit</p> <p>Responsible for the regulatory, engineering and technical assessment of any proposed asset acquisitions to ensure that the proposed assets are:</p> <ul style="list-style-type: none"> -fit for purpose; -maintainable to operate at specified outputs <p>Maintain the asset for the duration of its lifecycle.</p>	

QP 6002: Capital Asset Policy (Property, Plant & Equipment and Intangible Software Assets)

1.4. Key controls

Capital Expenditure shall be subject to authorised levels as defined in the *Delegations of Authority Policy (QD 6001)* in the column marked "Capital Expenditure".

Asset registers and internal asset processes i.e. any asset disposal/ write off / transfer paperwork requires two signatures.

2. Procedure

2.1. Capital Purchases

The annual budget process includes the setting of Capital Expenditure budgets. Once approved by the Board, the Capital Expenditure budget shall be issued at a location level and asset shell numbers assigned to approved capital expenditure.

The capitalisation of costs associated with Internally Developed Software shall require the prior assessment and approval by the Executive General Manager of Finance.

Assets purchased can either be purchased with Endeavour Foundation's internal funds, or funded from sources external to Endeavour Foundation.

Each asset purchased from funds external to Endeavour Foundation will be identified by a 6 -10 digit reference number to allow Finance to determine how many asset purchases within a specific time were funded from external sources.

- (a) Reference numbers will commence with the last two digits of the financial year and end with the specific Grant ID, i.e.;
- (b) If a grant was received in the 18/19 Financial Year from the Gambling Community Benefit Fund (GCBF) with a Grant ID of 3567 the reference number attached to capital purchases would be 19-3567.

All purchases shall be made in line with purchasing policy and procedures. Examples include:

- (a) Information and Communications Technology will be consulted prior to the purchase of computers, printers, facsimile machines, telephones;
- (b) Preferred suppliers are to be used where applicable;
- (c) Internal purchases should be made wherever possible; for example, linen, bedroom furniture, etc.
- (d) Centralised purchasing; for example, vehicles and plant and equipment are to be purchased by Procurement as being fit for purpose across all regulatory, safety, compliance, operating, and maintenance elements.
- (e) Asset Life Cycle Replacement will be undertaken as per the requirements of the Short From Business Case as deemed necessary to replace / refurbish life expired assets

The manager requesting budgeted Capital Expenditure shall complete a Capital Request Short Form (QF 6002.03) and have the request authorised. This authorised request shall accompany the quote for works or invoice for payment.

QP 6002: Capital Asset Policy (Property, Plant & Equipment and Intangible Software Assets)

Supporting documentation shall be attached to the back of the Capital Request Short Form (QF 6002.03)

Location Service Managers are to obtain quotes as necessary to support the purchase of approved Capital items. Administration & Support Co-ordinators may undertake this task if requested however all quotes are to be submitted to Procurement for review before proceeding. This also applies to purchases that are funded from external sources.

- For purchases of assets that are funded from sources external to Endeavour Foundation proof of external funding shall be provided in the form of:
 - Copy of a Grant Agreement; and
 - In the case of Gambling Community Benefit Fund (GCBF), the Application Number; or
 - Any other documentation providing proof of funding to the level required for the Capital Expenditure.

The manager requesting Capital Expenditure shall ensure appropriate authorisation is obtained and once completed this form will be attached to the back of the Purchase Order with the original Invoice / Quote attached to the back of the documents. For purchases of assets that are funded from sources external to Endeavour Foundation the reference number will be written clearly on the Purchase Order.

Where the new asset replaces an existing asset an Asset Deletion Form (QF 6350.03) shall be attached to the back of the Capital Request Short Form (QF 6002.03) with the necessary authorisation obtained.

The Finance Team will prepare a monthly report to the Executive on capital expenditure indicating whether the purchase was funded from internal sources or external sources.

2.2. Asset Transfers

A transfer refers to the physical relocation of assets from one service to another.

The manager of the Location where the asset is currently registered must complete and sign an **Asset Transfer Form (QF 6350.02)**.

The completed **Asset Transfer Form (QF 6350.02)** must be forwarded to the manager of the location where the asset is to be transferred. This must be done prior to the items being physically moved.

The manager of the receiving Location must complete the **Asset Transfer Form (QF 6350.02)** on receipt of the items and must forward the form to the Finance Team.

Transfers in relation to motor vehicles will be the responsibility of Procurement who shall complete all sections of the **Asset Transfer Form (QF 6350.02)** and forward it to the Finance Team.

Transfers in relation to technology assets will be the responsibility of the Technology section who will verify by stocktake with advice to Finance as required and/or before financial year end.

QP 6002: Capital Asset Policy (Property, Plant & Equipment and Intangible Software Assets)

2.3. Asset Write Off

An asset write off refers to the removal of an item from a service due to the item no longer being useful and being disposed of by dumping. This can be the result of the item no longer being serviceable.

Assets identified as being either obsolete or unserviceable shall be listed on an **Asset Deletion Form (QF 6350.03)**

Write off approval for this write off must then be authorised as per the **Delegations of Authority Policy (QD 6001)**

2.4. Disposal (Sale of Asset)

Disposal refers to the item being removed from a service by sale to a party external to Endeavour Foundation.

To ensure fair market value principles are applied, approval to sell the asset shall be obtained by the applicable Manager in accordance with the DOA policy prior to the items being forwarded to any external party.

Endeavour Foundation generated receipts or invoices for the sale of assets must be coded to the Location number Asset Register on which the asset is listed and one of the following account codes depending on the category of asset:

- 171121 – Land & Buildings additions
- 172111 – Plant and Equipment additions
- 173111 – Motor Vehicles additions

The receipt or invoice issued in relation to the sale must contain the following details:

- A description of the item/s being sold;
- The asset number as detailed on the Asset Register in DAX;
- Whether or not the sale included GST (or was GST exclusive) for advice on whether the sale should include/exclude GST please contact the Finance Section;
- Who the asset was sold to – name of organisation or individual; and
- The consideration amount (the sale amount).

2.5. Partial Transfers, Partial Write Offs and Partial Disposals

Where an asset consists of different components that are significant in relation to the total cost of the asset, these significant components are to be capitalised on the Asset Register separately. Where an asset detailed in the Asset Register consists of multiple individual items, a partial transfer, disposal or write-off may be processed if the cost of the part asset being transferred, disposed or written-off is material.

QP 6002: Capital Asset Policy (Property, Plant & Equipment and Intangible Software Assets)

Expenditure on the part replacement of an asset, greater than 10% of the cost of the asset, the part replacement is to be separately capitalised and the written down value of the portion of the original asset, de-recognised accordingly.

In the circumstances where a significant component requires de-recognition and is not detailed separately on the Asset Register, a partial disposal is required.

Methods to calculate the portion of the original asset to derecognise include the Current value method and the Discounted past value method.

Current value method – enlist the services of a registered Quantity Surveyor to calculate the current replacement cost of the original asset to determine the proportion of the original asset to derecognise.

Discounted past value method – Discount the current cost of the part replacement back to the original asset's acquisition date and proportion accordingly.

$$\text{Discounted Past Value} = pv / (1 + I)^N$$

Discounted Past Value, the value of the asset addition discounted back to the acquisition date of the original asset

pv, current cost of the asset addition

I, average construction price index

N, number of useful life years consumed by the parent asset

Example 1: Part Derecognition

A building is acquired in January 20X0 for \$3m. The building is estimated to have a useful life of 34 years.

In January 20X5, an engineer report identifies that the internal staircase was unsafe due to a building fault and would need to be replaced at a cost of \$468,379 in January 20X5.

If the building costs increased by 6% p.a. over the period, the staircase would have an original cost of \$350,000 (being \$468,379 / (1.06)⁵) and the depreciation incurred would have been \$51,471 (being \$350,000 x 5/34)

The staircase forms a material component of the building asset (greater than 10% of the building asset value), \$350,000/\$3,000,000= 12% , in this instance we would derecognise 12% of the original building asset and capitalise the new staircase building works.

Where a partial transfer, disposal or write-off would result in the remaining asset being less than \$1,000, the entire asset must be transferred, disposed or written-off.

2.6. Verification of fixed assets

Asset Custodians, in conjunction with the Asset Management Team, Internal Audit and Finance team are to verify and certify the existence of fixed assets under their responsibility on a 36 month cyclical basis. During the verification process, they are to ensure each asset:

QP 6002: Capital Asset Policy (Property, Plant & Equipment and Intangible Software Assets)

- Conforms with the recorded description; and
- Is identifiable as EF Group property.
- Where an asset is not found or an additional asset is located, an investigation is to be conducted and a recommendation submitted to the Group Asset Accountant to decrease or increase the general ledger control accounts accordingly.
- Any action to dispose of assets is to be approved by an officer with the appropriate financial authority (refer Delegations policy). Assets that have been disposed of are to be retired and removed from the Fixed Assets Register

2.7. Annual Closing and Capital Work in Progress (WIP) Procedures

Capital WIP is the value of costs incurred in relation to a capital assets that are not yet ready for use and therefore not yet capitalised on the Asset Register.

Capital WIP is included in annual CAPEX allocations for budget purposes.

2.8. Cancelled WIP Projects

On cancellation of projects, all direct costs incurred on those projects will be specifically reviewed, and:

- Costs that can be attributed to and used in other projects will be re-allocated to those capital projects;
- Remaining costs will be assessed individually to consider whether such costs are capital in nature;
- Remaining costs that cannot be considered to be directly attributable to another project or capital in nature will be expensed and excluded from the WIP general ledger.

2.9. IT Hardware Purchases

Laptop computers, desktop computer and tablet devices are capitalized regardless of asset cost.

IT assets are capitalised under the Technology Location and Business unit rather than the location where they physically reside.

Depreciation for these assets will be incurred centrally with IT and allocated out to the wider business via the corporate overhead. IT will manage the asset verification process for all technology assets.

IT asset purchases must be approved by the Executive General Manager of Technology, as per delegations of authority policy for mobility and computers

Mobile phones are expensed in the technology location and business unit.

3. Documentation

3.1. Documents

Delegations of Authority Policy (QD 6001)

QP 6002: Capital Asset Policy (Property, Plant & Equipment and Intangible Software Assets)

3.2. Forms

- Capital Request Short Form (QF 6002.03)
- Asset Transfer Form (QF 6350.02)
- Asset Deletion Form (QF 6350.03)

3.3. Accounting Standards

- *AASB 116 Property, Plant and Equipment*
- *AASB 138 Intangible Assets*

QP 6002: Capital Asset Policy (Property, Plant & Equipment and Intangible Software Assets)

Appendix 1 –Capital versus Operating Cost – Software Development (Internally Generated Assets)

	<u>Expense</u>	<u>Capitalise</u> Software – Capital (AASB 138)	<u>Capitalise</u> Property, Plant & Equipment – Capital (AASB 116)
Research Stage			
User testing of existing systems or software to inform a business case	✓		
Obtaining knowledge, evaluating alternatives. Selection decisions	✓		
Consultant fees to develop an ICT or AM strategy	✓		
Business process review, redesign, development as a precursor to a system implementation	✓		
Staff costs including project management costs	✓		
Request for Tender	✓		
Request for Quote	✓		
Expression of Interest	✓		
Request for Information	✓		
Investigation and analysis of system capability	✓		
Development Stage (getting the software ready for use)			
Off-the-shelf software system & licences including version upgrades		✓	
Software hosting costs whilst in the Development Stage		✓	
Consultant fees – design & construction		✓	
Depreciation of software licences & computers – specifically required to develop or test the asset		✓	
Equipment - other (printers, PC's, etc.)			✓
Data migration costs – test data used for system testing		✓	
Data migration costs – outside of system testing	✓		
Project manager costs – specifically to plan data migration and/or training	✓		
Staff and/or Contractor & supplier costs (including project managers) – development &/or testing and communications		✓	
Customisation and testing of components to function effectively for the organisation – customising reports, developing interfaces with other software applications		✓	

QP 6002: Capital Asset Policy (Property, Plant & Equipment and Intangible Software Assets)

	<u>Expense</u>	<u>Capitalise</u> Software – Capital (AASB 138)	<u>Capitalise</u> Property, Plant & Equipment – Capital (AASB 116)
Implementation costs, including internal staff labour costs and Project Managers cost – checking conversion data, parallel runs, reporting	✓		
Staff costs (including project managers) – training users, developing user manuals, changing operating procedures	✓		
Staff costs (including project managers) – not directly related to the project (e.g. attending training)	✓		
Administration costs – not directly related to development	✓		
Project governance committees	✓		
Business process review, redesign, development	✓		
Development of an Information Management Strategic Plan	✓		
Stakeholder meetings	✓		
Initial pilot system: Costs associated with developing and testing pilot system to assess feasibility (will be expensed if pilot does not proceed to implementation)		✓	
Implementation Stage			
Attendance at Project Implementation progress meetings	✓		
Replacement of computer terminals – even if the old terminals could not accept the new software			✓
New electronic devices to run or use the software on			✓
Training – staff costs	✓		
Other Staff costs (including project managers)	✓		
Advertising and promotional costs	✓		
Manuals (including their development at any stage)	✓		
Migration of production data	✓		
Minor changes and general maintenance of software application	✓		
Bug fixes	✓		
Post-implementation reviews	✓		

QP 6002: Capital Asset Policy (Property, Plant & Equipment and Intangible Software Assets)

Appendix 2 – Capital versus Operating Expenditure

In most cases work undertaken is readily identifiable as maintenance and treated as an expense. However the nature or intent of the work (or part of the work) extends beyond restoring the asset to beyond its original condition, capacity or function and/or reduces future operating costs. Often the expenditure, in these cases is more appropriately classified as capital expenditure.

Costs incurred in relation to an asset after the initial acquisition and measurement can be capitalised provided there is an enhancement of economic benefits to the asset in excess of the previously assessed standard of performance. If it is probable there will be no **enhancement** of economic benefits, the additional costs must be expensed in the financial year in which they are incurred.

Improvements and alterations

Costs relating to a significant improvement to an asset should be capitalised only if the asset as a result of the alteration:

- Performs an additional function;
- Has increased capacity, capability or reliability; or
- Operates more efficiently.

Alterations and improvements to assets that are not significant and do not meet the above criteria shall be expensed.

Replacements

Costs for the replacement of components of an asset (e.g. work undertaken under a refurbishment project) should be capitalised if the work:

- Significantly extends the assets useful life beyond the original expected useful life, and/or
- Replacements to components of an asset where those parts are significant in relation to the whole asset unit and are expected to be used for more than one year. In such instances, the original components are required to be de-recognised from the fixed assets register (even if the replaced part had not previously been depreciated separately).

The replacement of small components (which are insignificant to the whole asset) to maintain the asset and do not significantly extend the original useful life should be expensed.

Repairs of a capital nature

If repairs performed improve the asset beyond its original condition, it could be capital expenditure in certain cases. The following expenditure on repair items might be considered capital expenditure:

- Initial repairs required at acquisition of a unit of plant or performed before the unit is put in service;
- Major refurbishment resulting in an extension to the original expected useful life of the asset; and/or

QP 6002: Capital Asset Policy (Property, Plant & Equipment and Intangible Software Assets)

- Statutory repairs performed to comply with a law or rule from which benefits arise because it enables the Group to derive future economic benefits from related assets in excess of what could be derived had it not been repaired.

Repairs and maintenance

Repairs performed to maintain an asset in operating condition or minor refurbishment of part of an asset to return the asset to its original condition are considered an expense.

Examples of operating and maintenance expenses are:

- Painting
- Cleaning
- Servicing/adjusting
- like for like replacement of a part of an asset

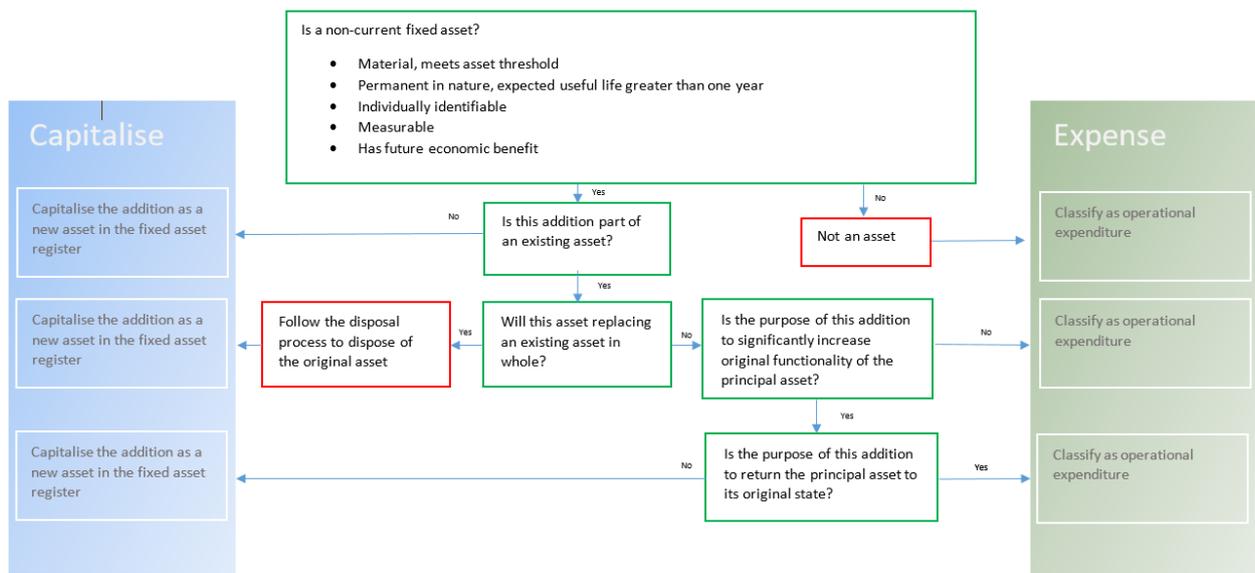


Figure 1 Capital expense vs operation expense, tangible assets (excluding intangible assets)

QP 6002: Capital Asset Policy (Property, Plant & Equipment and Intangible Software Assets)

Examples of Capex vs Opex

Description	Capital	Maintenance OPEX
Carpet, Tiling and Linoleum replacement for entire area	Yes	No
Carpet, Tiling and Linoleum replacement for part of area (Part renewal)	No	Yes
Carpet, Tiling and Linoleum replacement for new material that is an <i>Improvement</i>	Yes	No
Application of initial surface covering i.e. render, painting etc	Yes	No
Application of replacement surface covering i.e. render, painting etc	No	Yes
Replacement of entire	Yes	No
Maintenance of roof or replacement of a section of the roof.	No	Yes
Repairs to Kitchen or Bathroom to restore operability	No	Yes
Total replacement of kitchen or bathroom including floor / wall coverings, painting, plumbing, electrical, cabinetry, fixed equipment etc.	Yes	No
Gravel, concrete, resealing, re-sheeting for entire driveway or road length	Yes	No
Repairs of a driveway or road with suitable materials	No	Yes
Landscape development renewals for an entire area (Complete renewal), including: <ul style="list-style-type: none"> • Complete wall replacement; • Re-pavement of entire area; • Re-sewing / re-sodding of entire area; • Asphalt resurfacing of entire area. • Shade structure replacement 	Yes	No

QP 6002: Capital Asset Policy (Property, Plant & Equipment and Intangible Software Assets)

Description	Capital	Maintenance OPEX
Electrical system upgrade greater than or equal to \$1,000 including <ul style="list-style-type: none"> • Switchboards • Lighting Systems • Protection Systems 	Yes	No
Electrical system component replacement for <ul style="list-style-type: none"> • Switchboards i.e. single RCDs • Lighting Systems i.e. a light fitting • Protection Systems 	No	Yes
Protection systems upgrades or replacement <ul style="list-style-type: none"> • Fire Sprinklers • Smoke Detection • Security 	Yes	No
Hot water system replacements including TMVs	Yes	No

QP 6002: Capital Asset Policy (Property, Plant & Equipment and Intangible Software Assets)

Appendix 3 - Definitions
Asset Categories

Land

Land is a physical asset where service potential does not diminish. Useful lives are indefinite. Land is not depreciated.

Buildings

A building is defined as any structure which has a roof and costs \$10,000 or more. The value of a building includes the cost of the building's major internal components, for example, lifts, lighting and electrical systems, ducted air conditioning systems, fans and doors; and any fees and other incidental expenditure associated with its construction or acquisition excluding demolition and site clearing costs.

Building Improvements

Building improvements are capital events that materially extend the useful life of a building or increase the value of a building, or both.

Building Improvements Rented

Building Improvements Rented include modifications or attachments to a leased facility that become an integral part of the structure. Leasehold improvements include internal building configurations such as walls as well as facility-related equipment such as heating and air conditioning equipment. The useful life for Building Improvements Rented is the equal to the lessor amount of the remaining term of the current lease or 5 years,

IT Equipment 3 Years

IT Equipment is defined as any individually identifiable item containing a CPU and RAM, of a permanent nature, and with a life expectancy of more than one year, including server and networking hardware, point of sale systems, costing \$1,000 (GST exclusive) or more and all desktop and laptop computers, regardless of cost. – Need to include policy as per IT Assets?

Fixtures and Fittings

Fixtures are items that are secured or bolted to the walls or floor and fittings are free standing items, associated to a property owned, individually identifiable, of a permanent nature, costing \$1,000 (GST exclusive) or more and with a life expectancy of more than one year.

Such as kitchen units, boardroom tables, artworks

MV Car & Utility 5 Years

Road registrable Car or Utility, individually identifiable, of a permanent nature, costing \$1,000 (GST exclusive) or more and with a life expectancy of more than one year.

MV Truck/Van/Bus 7 Years

Road registrable truck van or bus, individually identifiable, of a permanent nature, costing \$1,000 (GST exclusive) or more and with a life expectancy of more than one year.

Office Equipment

Defined as any individually identifiable item, of a permanent nature, costing \$1,000 (GST exclusive) or more and with a life expectancy of more than one year for use in an office.

QP 6002: Capital Asset Policy (Property, Plant & Equipment and Intangible Software Assets)

Intangible Software Assets

An identifiable non-monetary asset without physical substance. May include Software Licences, bespoke information systems and other computer related non-physical, intangible assets owned or acquired that assist in the delivery of outputs or services.

Depreciation

The systematic allocation of the depreciable amount of an asset over its useful life.

Fair Market Value

The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Carrying Amount

The amount at which an asset is recognised after deducting any accumulated depreciation and accumulated impairment losses

Individually Identifiable

- a) is Separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licenced, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the entity intends to do so; or
- b) arises from contractual or other legal rights, regardless of whether those rights are transferable or repairable from the entity or from other rights and obligations.

Research Stage

Refers to original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding.

Approval of Business Case usually is an indication that the research stage has concluded.

Development or Execution Stage

The beginning of the development stage is usually preceded by the approval of a business case.

The Development Stage costs include cost associated with activities that relate to design, construction, configuration and testing, prior to the asset being available and ready for use (usually indicated by a positive Go-Live decision).