

SCOPE	DEFINITIONS	
<ul style="list-style-type: none"> • ASPE Section 3061 provides guidance on the recognition, measurement, presentation and disclosure of property, plant and equipment (“PPE”). • This Section applies to all PPE except: <ul style="list-style-type: none"> ○ Goodwill or intangible assets ○ Impairment of PPE ○ Disposal of PPE ○ Comprehensive revaluation of assets and liabilities of an enterprise ○ Productive biological assets 	<p>Property, plant and equipment (“PPE”) are identifiable tangible assets that meet <u>all</u> of the following criteria:</p> <ul style="list-style-type: none"> • are held for use in the production or supply of goods or services, for rental to others, for administrative purposes or for the development, construction, maintenance or repair of other PPE; • have been acquired, constructed or developed with the intention of being used on a continuous basis; and • are not intended for sale in the ordinary course of business. <p>Major spare parts and standby equipment that are intended to be used during more than one period are classified as PPE.</p> <p>Spare parts and standby equipment that can be used only in connection with an item of PPE are also classified as PPE.</p> <p>Net carrying amount equals cost less both accumulated amortization and the amount of any write-downs.</p> <p>Residual value is the estimated net realizable value of an item of property, plant and equipment at the end of its useful life.</p> <p>Salvage value is the estimated net realizable value of an item of property, plant and equipment at the end of its life.</p> <p>Useful life is the period over which an asset is expected to contribute directly or indirectly to the future cash flows of an enterprise.</p>	
MEASUREMENT		
Cost	Amortization	
<ul style="list-style-type: none"> • PPE is measured at cost. • Cost includes all costs directly attributable to the acquisition, construction, develop, or better an item of PPE including Installation cost to bring the PPE item to the location and in the condition necessary for its intended use. • Cost of an item of PPE acquired, constructed or developed over time includes: <ul style="list-style-type: none"> ○ Purchase price including import duties, non-refundable purchase tax, transportation after deducting any trade discount; ○ Direct construction or development costs (e.g., direct materials and labour); ○ Overhead costs that are directly attributable to the construction or development activity (e.g., Architectural, design and engineering fees, legal fees, survey costs, site preparation costs, freight charges, transportation insurance costs, testing and preparation charges); ○ Carrying costs (e.g., interest costs if the entity’s accounting policy is to capitalize interest costs); <ul style="list-style-type: none"> ▪ Capitalization of carrying costs ends when an item of PPE is substantially complete and ready for productive use. ○ Net revenue/expense derived from an item of PPE prior to substantial completion and readiness for use; • If PPE, other than PPE acquired in a business combination, is acquired at a cost different from its tax basis at acquisition, the PPE cost must be adjusted to reflect the future income tax consequences of this difference. • The cost of each item of PPE as part of the basket purchase is determined by allocating the total price paid to each item on the basis of its relative acquisition-date fair value. • The cost of an item of PPE made up of significant separable component parts is allocated to the component parts when practicable and when the lives of the separate components can be estimated. • The cost incurred to enhance the service potential of an item of PPE is a betterment. Service potential may be enhanced when: <ul style="list-style-type: none"> ○ There is an increase in the previously assessed physical output or service capacity; ○ The associated operating costs are lowered; ○ The life or useful life of the PPE is extended; ○ The quality of the output is improved. 	<p>The cost of the PPE must be charged to income in a rational and systematic manner over its useful life. The amount of amortization charged to income is the greater of:</p> <ol style="list-style-type: none"> (a) The cost less salvage value over the life of the asset; and (b) The cost less residual value over the useful life of the asset. <p>Amortization methods</p> <ul style="list-style-type: none"> • Straight line method, where the usefulness of the PPE is purely a function of time. • Variable charge method, where the life of the asset is a function of services delivered. • Increasing charge method, where the entity can price its goods or services to deliver a constant rate of return. • Decreasing charge method, where the operating efficiency of the asset declines over time. <p>Review of amortization</p> <p>The amortization method and estimates of life and useful life of an item of PPE should be reviewed on a regular basis. Events indicating a need to revise the estimates include:</p> <ul style="list-style-type: none"> • A change in the extent the asset is used; • A change in the manner in which the asset is used; • Removal of the asset from service for an extended period of time; • Physical damage; • Significant technological developments; • A change in the law, environment, or consumer styles and tastes affecting period of time over which the asset can be used. 	

DISCLOSURE

This Section requires the following disclosures:

- For each major category of PPE [types (e.g., land, buildings, machinery, leasehold improvements), operating segment and/or nature of operations]:
 - Cost;
 - Accumulated amortization, including the amount of any write-downs;
 - The amortization method used, including the amortization period or rate;
- The net carrying amount of PPE not being amortized;
- The amount of amortization charged to income for the period.