

Costs of ownership – Part II

The AEG agreed costs of ownership transfer on disposal of an asset should be written off over the period the asset is held.

Installation and de-installation costs should be included in costs of ownership transfer if separately invoiced, and in the purchaser's price of the asset otherwise.

Terminal costs should be recorded as capital formation when they occur but the whole cost should be written off as consumption of fixed capital over the life of the asset, analogous to costs of ownership transfer on disposal.

When this recommendation on terminal costs cannot be followed for lack of adequate data, these costs should still be recorded as GFCF but written off as CFC in the year of acquisition.