Telstra Corporation Limited

Your Name (First M. Last)

School or Institution Name (University at Place or Town, State)

**Telstra Corporation Limited**

**Introduction**

Telstra Corporation Limited is a telecommunication giant located in Australia. They offer a range of telecommunication services including retail mobile services, retail fixed bundles, standalone data services, and retail fixed standalone voice services. Their company motto is that people have more opportunities when they are connected even more. They have an international presence, which has spanned over a number of countries. They also are the best manufacturers of telecommunication technology and content solutions. This has enabled them to be able to better serve their customers by researching their needs and desires. Telstra is proud of helping their customers improve their life and work through connection because in the 21st century the more connected business and people are the more opportunities they have.

**Assets- PPE and Intangibles**

**Q1**

 Property, Plant, and Equipment are the no-current assets or the long term assets and are presented in the asset side of the balance. They report the tangible long-lived assets that the company uses for its operations (Herrmann, et al, 2006). In Telstra Corporation Limited case, their property, plant, and equipment are divided into four parts. Land and Site Improvements, Buildings, Communication assets and other plant, equipment, and motor vehicles. Their carrying values at reporting date 30th June 2018 are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Property, Plant, and Equipment
 | Land and Site Improvement | Buildings | Communication Assets | Other Plant, Equipment, and M.V |
| Carrying Value  | 52000000 | 1381000000 | 62111000000 | 1405000000 |

(Telstra Corporation Limited, 2018)

**Q2**

 Telstra Corporation Limited uses a mixture of accounting policies (IAS 16) and management judgment regarding recognizing property, plant, and equipment as assets, measurement of carrying amounts, depreciation charges and impairment losses attached to the tangible assets. Property, plant, and equipment are recorded at cost less accumulated depreciation and impairment. They are depreciated on a straight-line basis. For impairment assessment, cash-generating units are identified, which generate cash inflows that are independent of other assets to determine changes in circumstances that might indicate that carrying amount might be recoverable. The recoverable value is calculated by fair value less cost of disposal and its value in use.

**Q3**

Intangible assets can be defined as assets that have no physical form. They are assets of the company but cannot be touched as a physical entity. Examples of intangible assets include Goodwill, Brand recognition, patents, copyrights, and trademarks. In the case of Telstra Corporation Limited, their intangible assets are divided into several categories. These include Goodwill, Software assets, Licenses, Deferred expenditure, and other intangibles. These intangible assets are very relevant to the company's business. This is because these intangible assets have helped them in providing efficient services to the customers and also protect the trade secrets of the company.

**Q4**

Telstra Corporation Limited, even in the case of intangible assets uses a mixture of accounting policies and management judgment in recognizing and measuring intangible assets. IAS 38 outlines the accounting policies regarding intangible assets (Wyatt, 2005). Telstra Corporation Limited use IAS 38 and intangible assets such Goodwill are measured at cost, while it is not amortized but tested for impairment annually. Internally generated intangible assets are amortized on a straight-line basis. Acquired intangible assets acquired in the business acquisition are recorded at fair value at acquisition and ones acquired from the specific acquisition are recorded at cost. Intangible assets with a finite life are amortized on a straight line basis and those with an indefinite life are not amortized but checked for impairment annually.

**Q5**

 There have been impairment losses in both Property, Plant and Equipment and Intangible assets of Telstra Corporation Limited. For Goodwill and other Intangible assets, total impairment losses are 297000000 and individually they are as follows at reporting date 30th June 2018.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Intangible assets | Goodwill | Software assets | Licenses | Deferred expenditure | Other intangibles |
| Impairment Loss | (261000000) | (31000000) | --- | ---- | (5000000) |

 (Telstra Corporation Limited, 2018)

For Property, Plant, and Equipment, total impairment losses are 20000000 and individually they are as follows at reporting date 30th June 2018.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Property, Plant, and Equipment
 | Land and site improvements | Buildings | Communication assets | Other plant, equipment, and M.V
 |
| Impairment Loss | ---- | (4000000) | (9000000) | (7000000) |

 (Telstra Corporation Limited, 2018)

**References**

Herrmann, D., Saudagaran, S. M., & Thomas, W. B. (2006, March). The quality of fair value measures for property, plant, and equipment. In *Accounting Forum* (Vol. 30, No. 1, pp. 43-59). Taylor & Francis.

Wyatt, A. (2005). Accounting recognition of intangible assets: theory and evidence on economic determinants. *The accounting review*, *80*(3), 967-1003.

Telstra Corporation Limited. (2018). Annual Reports 2018 (pp. 79-85). Telstra Corporation Limited. Retrieved from https://www.telstra.com.au/content/dam/tcom/about-us/investors/pdf%20F/2018-Annual-Report-singlepages.pdf