

GERMAN

ATV-DVWK Rules and Standards

Advisory Leaflet ATV-DVWK-M 807E

Allocation of Production Costs and Maintenance Expenditure for Sewage Plants

July 2002

Abgrenzung von Herstellungskosten und Erhaltungskosten
bei Abwasseranlagen



The German Association for Water, Wastewater and Waste (DWA) is intensively involved with the development of reliable and sustainable water management. Being a politically and economically independent organisation it operates specifically in the areas of water management, wastewater, waste and soil protection.

In Europe the DWA is the association in this field with the greatest number of members and, due to its specialist competence it holds a special position with regard to standardisation, professional training and information of the public. The approx. 14,000 members represent specialists and managers from municipalities, universities, consulting engineers, authorities and businesses.

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User Notes

This Advisory Leaflet has been produced by a group of technical, scientific and economic experts, working in an honorary capacity and applying the rules and procedures of the ATV-DVWK and the Standard ATV-DVWK-A 400. Based on judicial precedent, there exists an actual presumption that this document is textually and technically correct.

Any party is free to make use of this Advisory Leaflet. However, the application of its contents may also be made an obligation under the terms of legal or administrative regulations, or of a contract, or for some other legal reason.

This Advisory Leaflet is an important, but not the sole, source of information for solutions to technical problems. Applying information given here does not relieve the user of responsibility for his own actions or for correctly applying this information in specific cases. This holds true in particular when it comes to respecting the margins laid down in this Advisory Leaflet.

1 Scope

The fixed asset is of central importance to the public utility and disposal industry. It often covers values above 95 % of the total assets.

Within the frame of construction works on the fixed asset it is to be decided whether these are to be classed as installation costs that can or must be treated as addition to assets, or whether they have to be handled as running maintenance expenditure. This question becomes even more relevant once the disposal facilities have largely been completed.

The decision taken has an immediate effect on the operating result, and thus essentially influences the charges for waste disposal, since installation costs will only affect the current year's result by their depreciation amount, i. e. in the range of 2 % to 10 %, while maintenance expenditure have a 100 % impact on the current year's result.

This Advisory Leaflet is to be considered supplementary to the Standard ATV-A 133 „Recording, Assessment and Extrapolation of Assets of local Drainage Facilities“.

2 Definitions

A definition of the term “sewer rehabilitation” can be found in the European Standard DIN EN 752-5 Drain and sewer systems outside buildings – Part 5: rehabilitation: according to which all measures concerning the restoration or improvement of existing drainage systems are classed under the general term rehabilitation. Here it is differentiated between repair, renovation and replacement.

2.1 Production Costs

The legal definition can be found in § 255 para. 2 Handelsgesetzbuch (HGB – Commercial Code):

“Production costs are expenditure created through the usage of goods and employment of services for the production of a property item, its extension or an improvement that substantially exceeds its original condition“.

2.2 Maintenance Expenditure

“The Commercial Code defines production costs as items that are to be added to assets, which means that all other expenditure on a property item is to be treated as immediately deductible maintenance expenditure. A positive definition of maintenance expenditure next to those of production costs is dispensable. Nevertheless, it is possible to define maintenance expenditure as production costs that are to be added to assets. Maintenance expenditure therefore primarily occurs if parts of a property item have to be replaced or modernized without effecting a change to the function of the property item” (Beck'scher Bilanzkommentar, § 255, Tz.390 [= technical German literature]).