

Table of Contents**4.7 Property, plant and equipment**

Property, plant, and equipment are stated at acquisition cost less accumulated depreciation and losses due to impairment, if any. These costs include the cost of replacing the components of plant or equipment when the cost is incurred, if it meets the requirements for recognition. Depreciation and those disbursements for repair and maintenance which do not meet the conditions for recognition as assets are recognized as expenses in the year in which they are incurred.

Depreciation is calculated on a straight-line basis over the useful life of each type of asset. The remaining value of the depreciating assets, the estimated useful life, and depreciation methods are periodically reviewed by Management and adjusted when necessary, at the end of each financial year. The estimated useful lives for productive assets is established by the Company as the difference between the date from which the assets are available for their intended use and the power purchase agreement expiration date or the assets' own estimated useful life, whichever is shorter.

A breakdown of estimated useful lives is as follows:

	Estimated useful life
Buildings and leasehold improvements	20 years
Furniture and equipment	1-10 years
Machinery and equipment (primarily wind turbines)	20 years
Vehicles	5 years

Construction and installation costs are charged to temporary accounts and subsequently transferred to the respective asset accounts once the works are completed. These works in process include all disbursements directly related to the design, development and construction of buildings and others, plus financial costs attributable to the works.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

A component of property, plant, and equipment is derecognized when it is sold or when the Company does not expect future economic benefits from its use. Any loss or gain from the disposal of the asset, calculated as the difference between the net carrying amount and the sales proceeds, is recognized in income in the year in which it occurs.

4.8 Impairment of non-financial assets

The Company assesses the carrying amounts of its non-current assets at each reporting date to determine reductions in value when events or circumstances indicate that recorded values may not be recovered. If any such indication exists, and the carrying amount exceeds the recoverable amount, the Company measures the assets or cash-generating units at their recoverable amounts, defined as the greater of fair value less selling costs or value in use. Resulting adjustments are recorded in the results of the year in which they are determined.

4.9 Revenue recognition

Plantas Eólicas measures its revenue from ordinary activities using the fair value of the benefit received or to be received, derived from revenue.

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