Notes to the Financial Statements (continued)

14. Intangible assets (continued)

(a) As at June 2012, we had software assets under development amounting to $509 million (2011: $593 million). As these assets were not installed and ready for use, there is no amortisation being charged on the amounts.

(b) During fiscal 2005, we entered into an arrangement with our jointly controlled entity, Reach Ltd (Reach), and our co-shareholder PCCW, whereby Reach's international cable capacity was allocated between us and PCCW under an indefeasible right of use (IRU) agreement, including committed capital expenditure for the period until 2018.

The IRU is amortised over the contract periods for the capacity on the various international cable systems, which range from 5 to 22 years. The IRU is deemed to be an extension of our investment in Reach. The IRU has a carrying value of nil in the consolidated financial statements due to the recognition of equity accounted losses in Reach.

(c) The majority of the deferred expenditure relates to the deferral of basic access installation costs, which are amortised to goods and services purchased in the income statement. In addition, the deferred expenditure also includes direct incremental costs of establishing a customer contract.

(d) Includes $42 million (2011: $32 million) of capitalised borrowing costs directly attributable to qualifying assets.

(e) We have recognised an impairment charge of $189 million against goodwill ($182 million) and customer bases ($7 million) for the TelstraClear, LMobile Group and CitySearch CGUs (2011: $160 million against goodwill ($121 million) and customer bases ($39 million) for the Octave and LMobile Group CGUs). Refer to note 21 for further details regarding these impairments.

(f) As at 30 June 2012 assets and liabilities of TelstraClear Limited have been classified as held for sale. Refer to note 12 for further details.