Non-Current Asset Accounting & Valuation Policy

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1 POLICY

Ararat Rural City Council has a responsibility to financially represent its network of assets to fair value. This policy outlines the valuation approach taken to value Non-Current Assets including land, buildings, roads, bridges and major culverts, pathways, drainage, kerb and channel, and plant and equipment.

2 POLICY OBJECTIVES

The objectives of this policy are:

- Ensure compliance with prescribed legislation and Accounting Standards.
- Prescribe the financial Non-Current Asset classifications that will be adopted for financial statement reporting.
- Prescribe accounting treatment for acquisition (including purchase, self-construction and contribution), depreciation, amortisation, impairment and disposal and write off for financial accounting purposes.
- Prescribe accounting treatment for subsequent expenditures on Non-Current Assets after initial recognition; including when to expense or capitalise Non-Current Asset maintenance, enhancements or renewal.
- Prescribe the valuation methodology to be used in valuing Non-Current Assets for financial accounting purposes.
- Prescribe the circumstances including accounting treatment when to derecognise a Non-Current Asset
- Prescribe the disclosure requirements for financial statement reporting.
- Prescribe the responsibilities of custodians in terms of security and physical control of Non-Current Assets, including Non-Current Asset stocktake requirements.
- Prescribe the requirements to ensure Asset Management registers are complete, accurate and up to date.
- Prescribe the requirements of actively managing work in progress (WIP) and capital projects.
- Formalise the conceptual relationship between the corporate Non-Current Asset accounting register and underlying asset management systems and miscellaneous Non-Current Asset registers.
- Prescribe generic Non-Current Asset hierarchy.

3 SCOPE

The Non-Current Asset Accounting Policy, which encompasses the associated attachments listed under the related documents applies to all Non-Current Asset accounting activities as disclosed in the Ararat Rural City Council's Financial Statements.

Specifically, the policy is directly applicable to all Non-Current Asset Custodians and officers who have asset management and Non-Current Asset accounting responsibilities.

This policy will be applicable when performing the following functions:
- Acquiring or constructing a Non-Current Asset.
- Maintaining a Non-Current Asset.
- Renewing, replacing or disposing of a Non-Current Asset.
- Valuing and revaluing a Non-Current Asset.
- Derecognising a Non-Current Asset.
- Reporting and disclosing on Non-Current Assets.

- Managing a project that includes the creation of a Non-Current Asset.
- Estimating the relevant assumptions relating to a Non-Current Asset.
- On-going management and monitoring of a Non-Current Asset.
- Responsibility to secure and physically control a Non-Current Asset.

4 DEFINITIONS

TERM	DEFINITION
Active Market	A market in which all the following conditions exist - • the items traded within the market are homogeneous. • willing buyers and sellers can normally be found at any time; and • prices are available to the public.
Asset	A resource which is controlled because of past events and from which future economic benefits are expected to flow.
Asset Custodian	Officer who has day-to-day management of an asset.
Asset Recognition	The point at which an asset is recognised in the Statement of Financial Position (Balance Sheet).
Asset Lifecycle	The total period from when a Non-Current Asset is initially created until its final disposal. It includes all activities such as acquisition, maintenance, renewal, upgrade and disposal.
Capital Expenditure	Expenditure which, based on its existing condition, either extends the Useful Life of a Non-Current Asset or leads to an increase in its remaining Service Potential.
Capitalisation Threshold	the minimum amount whereby the value of a Non-Current Asset must be capitalised. Amounts below the recognition threshold are to be treated as an expense.
Carrying Amount or Net Book Value	The amount at which a Non-Current Asset is recognised after deducting any accumulated Depreciation and accumulated impairment losses. It is the Written Down Value of a Non-Current Asset as reported in the financial statements.
CGU – Cash Generating Unit	The smallest identifiable group of Non-Current Assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.
Component	A significant element of a complex Non-Current Asset which is managed independently of other elements. Components may be further split into short-life and long-long parts.

Comprehensive Revaluation	A revaluation which entails significant levels of physical inspection and evaluation of all appropriate aspects such as methodology, assumptions, and Unit Rates.
Contributed Asset	A Non-Current Asset that is transferred at below or no cost, usually by way of contracts with Developers, through Government arrangements or by bequeath.
Control	The potential to contribute, directly or indirectly, to the delivery of relevant goods or services in accordance with the entity's objectives of a particular volume, quantity, and quality to its beneficiaries. This includes the ability to restrict access of others to those benefits.
Cost	Amount of cash or cash equivalent paid or the fair value of any other consideration given to acquire a Non-Current Asset at the time of its acquisition or construction.
DCF – Discounted Cash Flow	An "Income Approach" method used to calculate market value. It is based on analysis of cash inflows and outflows, discount rates, beta risk and alternative scenarios.
Decommissioning	The removal, demolition, or elimination of a Non-Current Asset's service potential, resulting from a specific management decision.
Depreciable Amount	The Cost of a Non-Current Asset, or other amount substituted for cost, less its residual value. It is the carrying amount less any residual value.
Depreciation	The systematic allocation of the depreciable amount of a Non-Current Asset over its useful life which reflects the pattern in which the Non-Current Asset's Future Economic Benefits are expected to be consumed by the entity.
Economic Benefit	For the purposes of this Policy includes social, environmental, financial and governance benefits.
Economic Life	The total potential life of a Non-Current Asset which includes its life after disposal by the current entity.
Fair Value (AASB)	This Standard defines fair value as the price that would be received to sell a Non-Current Asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
Future Economic Benefit	The potential to contribute, directly or indirectly, to the delivery of goods and services in accordance with the entity's objectives of a particular volume, quantity or quality to its beneficiaries.
Grouped Assets	Groups of homogenous type Non-Current Assets where individually each Non-Current Asset falls below the recognition threshold but when considered

	as a whole, are material in value. These differ from networked Non-Current Assets in that they are not required to be linked together to provide the service.
Impairment Loss	The amount by which the carrying amount of a Non-Current Asset exceeds its recoverable amount. In the case of Not-For Profit entities this is the difference between the carrying amount and fair value.
Infrastructure Assets	Are typically large, interconnected networks or programs of composite assets. The components of these Non-Current Assets may be separately maintained, renewed, replaced, or disposed of, so that the required level and standard of service from the network of Non-Current Assets is continuously sustained. Generally, the components and hence the Non-Current Assets, have long lives. They are fixed in place and often have no market value.
Intangible Assets	Identifiable non-monetary assets that lack physical substance.
Inventories	Assets: (a) held for sale in the ordinary course of business; (b) in the process of production for such sale; or (c) in the form of materials or supplies to be consumed in the production process or in the rendering of services.
Investment Property	Property (land or a building – or part of a building – or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for: (a) use in the production or supply of goods or services or for administrative purposes; or (b) sale in the ordinary course of business.
Leased Assets	A contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period in exchange for consideration.
Maintenance Expenditure or Operting Expenditure (OPEX)	Expenditure which either does not result in an increase of useful life or service potential or is immaterial and enables the Non-Current Asset to keep performing on its typical lifecycle path.
Major Plant and Equipment	Any plant or equipment of a type that is of high value.
Market Value	Valuation technique where the fair value is determined based on observable market evidence of the sales history of the same or similar assets after adjusting for condition and comparability.
Networked Asset	Are groups of Non-Current Assets which are linked together to provide the overall service. Often the individual Non-Current Assets may fall below the recognition threshold but when considered as a whole are material in value.
Non-Current Asset	An asset held for use rather than exchange and which provides an economic benefit for a period greater than one year.
Part	The AASB requires that each part of the asset that has a different useful life be depreciated from the carrying amount down to the Residual Value over the remaining useful life. The short-life (or renewal) part represents the

	estimated cost of renewal of the component and the long-life (or recyclable) part represents the balance of the value of the component.
Pattern of Consumption	The pattern in which the Non-Current Asset's future economic benefits are expected to be consumed by the entity. This may be either constant, increasing, decreasing or variable. In the absence of better information, it is assumed that Non-Current Assets will be consumed in a constant pattern.
Recoverable Amount	The higher of a Non-Current Asset's fair value less costs to sell and its value in use. For Not-For-Profit entities (including most public sector entities) this will be the fair value.
Replacement Cost	The Cost of replacing the total potential future economic benefit of the existing Non-Current Asset using either reproduction or modern equivalents after taking into account any differences in the utility of the existing Non-Current Asset and the modern equivalent.
Renewal Cost	Expenditure which extends the useful life or increases the service potential of the Non-Current Asset beyond its current condition but not exceeding its current maximum design level. E.g., resealing of a road.
Residual Value	The estimated amount that an entity would currently obtain from disposal of the Non-Current Asset, after deducting the estimated costs of disposal, if the Non-Current Asset were already of the age and in the condition expected at the end of its Useful Life. Except for Non-Current Assets traded in an open market it is assumed that the residual value will be nil.
Remaining Useful Life (RUL)	The time remaining until a Non-Current Asset ceases to provide the required level of service or reaches the end of its economic usefulness.
Service Potential	Refer Future Economic Benefit.
Straight Line Depreciation	Depreciation method used to determine where the pattern of consumption is considered to be constant over a period of time.
Upgrade	Expenditure which extends the useful life or increases the service potential of the Non-Current Asset beyond its current maximum design level. E.g., Widening a road to add an extra traffic lane or improve safety.
Useful Life	The period over which a Non-Current Asset is expected to be available for use by an entity; or the number of production or similar units expected to be obtained from the Non-Current Asset by an entity. For depreciation purposes it is the same as the RUL.
Value in Use	The present value of the future cash flows expected to be derived from a Non-Current Asset or cash-generating unit. For Not-For-Profit (including public sector entities) where the value is not dependent on the cash generating capability the Value-In-Use is Fair Value.
Written Down Value (WDV)	Refer Carrying Amount.
Whole of Lifecycle Cost	All the costs associated with control of a Non-Current Asset. They include the costs of acquisition, operation, maintenance, renewal, upgrade and disposal.

5 POLICY STATEMENTS

5.1 CLASSIFICATION OF NON-CURRENT ASSETS

5.1.1 Financial Reporting Non-Current Asset Classifications

For the purposes of financial reporting, Non-Current Assets will be grouped into the Financial Reporting Non-Current Asset Classes as detailed in Attachment A: Summary of Key Policy Statements. These include –

Financial Reporting Non-Current Asset Class	Financial Reporting Sub Class
Land	Land specialised Land non-specialised Land under roads Land improvements
Buildings	Buildings specialised Buildings non-specialised
Plant & Equipment	Plant, machinery & equipment Fixtures, fittings & furniture Library books Artworks
Infrastructure	Roads Kerb & channel Bridges Footpaths & cycleways Drainage

5.1.2 Assets Held for Sale

At the time when it is resolved that a Non-Current Asset will be sold, and the disposal is likely to occur within 12 months, then that Non-Current Asset will be classified as a current asset as "Asset Held for Sale". Usually these are limited to ad-hoc sale of Land and Buildings. However, in some circumstances they could include entire agencies or specific facilities.

The value of these Non-Current Assets will be the carrying value in the Non-Current Asset register as at the date of the resolution. Any further costs incurred in the development of such Non-Current Asset will also be included as part of the value of the asset held for sale.

Items that are classified as assets held for sale are to be assessed on an annual basis at the end of the reporting period. If circumstances change and it is deemed that the asset will not be sold within the following 12 months, the asset is to be re-classified as a non-current asset and valued in accordance with the relevant valuation methodologies.

Once classified as an 'asset held for sale' Depreciation of the asset is to cease.

5.1.3 Default Asset Hierarchy

Depending on the objective of the exercise, each Non-Current Asset will be disaggregated into different parts with each part described by reference to a Non-Current Asset hierarchy. Different Non-Current Asset hierarchies may be used for:

- Financial Reporting

- Asset Valuation
- Asset Management

5.2 INITIAL RECOGNITION

5.2.1 Valuation Basis (Cost or Fair Value)

All Non-Current Assets are to be valued either at Fair Value or Historical Cost as detailed in the Attachment A: Summary of Key Policy Statements.

5.2.2 Recognition and Control

Recognition Criteria

Prior to being brought to account as a Non-Current Asset the item must satisfy the following criteria –

- It must have physical substance (except if an intangible asset).
- The entity can receive the benefit and restrict other entities' access to the benefits provided by the item. (Control)
- It is probable that Future Economic Benefits or Service Potential associated with the item will flow to the entity. (Service Potential)
- The item is not held for sale, and it is expected to be used by the entity for longer than 12 months. (Non-Current and Not Held for Sale)
- The Cost of the item can be measured reliably.
- The value of the item exceeds the Capitalisation Threshold

Recognition at Time of Acquisition

All Non-Current Assets that qualify for recognition are to be measured at its cost. However, where a Non-Current Asset is acquired at below or no Cost (such as a gifted assets), the cost is its Fair Value at the date of acquisition. If there is no readily available market for the Non-Current Asset received, then the cost is its current replacement cost.

Recognition subsequent initial acquisition

Where a Non-Current Asset was acquired in prior financial years and has yet to be recorded in the accounts, the Non-Current Asset is to be brought to account at current Cost at the date of recognition. This can be obtained via either-

- Market Value if there is a readily available market; or
- Current Replacement Cost if there is no readily available market.

5.2.3 Elements of Cost

The elements to be considered when determining the Cost or initial value of the Non-Current Asset includes:

- Purchase price, including duties and taxes, after deducting discounts, rebates and reimbursable taxes.
- Any costs directly attributable to bringing the Non-Current Asset to its location and condition.

Costs directly attributable to the cost of a Non-Current Asset and therefore capitalised into the Balance Sheet include:

- Contract Costs for construction.
- Cost of employee benefits for employees directly involved in the construction or acquisition of a Non-Current Asset.
- Costs of site preparation.
- Detailed design including associated Costs.
- Initial delivery and handling Costs.
- Installation and assembly Costs.
- Costs of commissioning the Non-Current Asset.
- Professional fees.
- Tender Costs.

Note: Council's policy is that Interest on a loan, funding a project which is incurred during construction (even where the interest is deemed material to the overall Cost of the project) is to be expensed.

Costs not directly attributable to the cost of a Non-Current Asset and therefore not capitalised into the Balance Sheet include:

- Costs of opening a new facility.
- Costs of introducing a new product or service (including advertising).
- Periodic software maintenance and licence agreement charges.
- General administration and overhead costs.
- Costs associated with feasibility studies, research studies, master plans, concept plans and investigations up to the point when it is decided that a capital project will be undertaken.
- Inspection Costs where no physical upgrade, refurbishment or replacement of an asset is undertaken.

In some instances, the capitalised cost of a Non-Current Asset should include an initial estimate of the cost of dismantling and removing the Non-Current Asset and restoring the site on which it is located.

Such Costs should only be capitalised when:
- They can be reliably estimated,
- Are material in amount or nature, and
- Where a clear obligation exists (predominantly through a legislative or environmental obligation) at the time a Non-Current Asset is first put into use.

5.2.4 Capitalisation Threshold
Items of low value are to be expensed based on materiality. Capitalisation thresholds have been established for all Non-Current Asset classes as detailed in Attachment A: Summary of Key Policy Statements.

5.2.5 Management of Work in Progress

Non-Current Assets may be acquired via an extended construction period requiring multiple payments for specific stages or parts. Such costs are to be recorded against Work-In-Progress (WIP) and when the Non-Current Asset is ready for use capitalised against the individual Non-Current Assets that make up the overall project.

WIP balances are to be regularly reviewed to ensure that capital costs are removed from WIP and capitalised to appropriate Non-Current Assets (whether new or additions to existing Non-Current Assets). The timing that expenditure no longer belongs in WIP is the point at which the Non-Current Asset is put into service or use.
WIP balances are to be reviewed monthly to ensure that there are no Non-Current Assets currently in service recorded in WIP.

5.3 SUBSEQUENT EXPENDITURE: CAPITAL V MAINTENANCE

Expenditure after initial acquisition is to either be expensed to the Profit and Loss Account as Maintenance or capitalised against the Non-Current Asset as Capital Expenditure.

The criteria to be applied to determine whether costs should be capitalised or not is whether, when compared to the existing Non-Current Asset, the expenditure meets one of the following criteria:

- Exceeds the Capitalisation Threshold; and
    - Extends the Remaining Useful Life of the Non-Current Asset, by a period of greater than 12 months; or
    - Provides additional Economic Benefits or Service Potential.

The determination of whether capital or maintenance will always require the exercise of professional judgement.

5.4 REVALUATION

5.4.1 Non-Current Assets Required to be Revalued

All Non-Current Assets are to be valued either at Fair Value (Market Value or Current Replacement Cost) or Historical Cost as detailed in Attachment A: Summary of Key Policy Statements.

5.4.2 Fair Value Valuation Method

The current value of a Non-Current Asset is the best estimate of the price reasonably obtainable for a Non-Current Asset of a similar type, age and condition in the market at the date of valuation. Current Value is to be determined as below in accordance with Attachment A: Summary of Key Policy Statements.

- Market Value.
- Current Replacement Cost.

5.4.3 Revaluation Threshold

To minimise the cost associated with revaluations a materiality (Revaluation) threshold has been established for each Non-Current Asset Class. It is considered that the impact of revaluation of Non-Current Assets below this threshold would result in an immaterial impact in relation to the value of the entire class and therefore the cost of valuing these Non-Current Assets would exceed the net benefit gained.

Revaluation Thresholds have been established for all Non-Current Asset classes as detailed in Attachment A: Summary of Key Policy Statements.

5.4.4 Frequency of Revaluations

All Non-Current Asset Classes valued at Fair Value are required to be revalued regularly to ensure the Carrying Amount does not differ materially from the Fair Value. This may include a combination of Comprehensive Valuations supported by Interim Revaluations.

In some circumstances it may be appropriate to undertake a 'rolling valuation' where a large portion of the portfolio is physically inspected in such a way resulting in a 100% inspection over a three-year period. The Non-Current Assets not inspected are to be revalued by way of indexation. Such valuations should be treated as a desktop valuation with the final valuation recorded as a Comprehensive Revaluation.

The maximum period allowed between a Comprehensive Revaluation and the frequency of Interim Revaluations are detailed in Attachment A: Summary of Key Policy Statements.

5.4.5 Revaluation Increments and Decrements

Revaluation increases and revaluation decreases relating to individual Non-Current Assets within a class of property, plant and equipment shall be offset against one another within that class but shall not be offset in respect of Non-Current Assets in different classes.

If the Carrying Amount of a class of Non-Current Assets is increased because of a revaluation, the net revaluation increase shall be recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. However, the net revaluation increase shall be recognised in profit or loss to the extent that it reverses a net revaluation decrease of the same class of Non-Current Assets previously recognised in profit or loss.

If the Carrying Amount of a class of Non- Current Assets decreased as a result of a revaluation, the net revaluation decrease shall be recognised in profit or loss. However, the net revaluation decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in any revaluation surplus in respect of that same class of Non-Current Asset. The net revaluation decrease recognised in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus.

5.5 DEPRECIATION AND AMORTISATION

The Depreciable Amount of each component/part of all Non-Current Assets are to be depreciated on a systematic basis over their useful life using a method that reflects the pattern in which the Non-Current Asset's Future Economic Benefits are expected to be consumed by the entity.

Determining the Useful Life should consider the actual experience to date along with adjustments to reflect the expected outcomes from changing asset management practices and environmental factors. It is important that the useful life estimates reflect reality as far as practicable.

Depreciation is to commence when the Non-Current Asset is first available for use by the Council.

In doing so due consideration is required to be given ensuring:

- The method used matches expected Pattern of Consumption of the Non-Current Assets Future Economic Benefits.
- Where the Non-Current Asset has a number of different components and parts with varying patterns of consumption, each Component or part is depreciated separately.
- Depreciation is to be calculated on a systematic basis over the Non-Current Asset's useful life.
- A Residual Value has been determined to ensure the Depreciation is allocated against the Depreciable Amount.

In the absence of better information, it is assumed that Non-Current Assets will be depreciated in a constant pattern (straight-line). It is also assumed that, except for Non-Currents Assets traded in an open market, that the Residual Value is nil.

The components of Non-Current Assets often experience regular renewal which may extend the useful life of the Non- Current Asset or result in an increase in the remaining service potential. The components are required to be separated into a short-life part (representing the cost of the expected renewal treatment) and the long-life part (the balance between the component cost and short-life part) with each part depreciated over their respective useful life.

Details of the methods used to depreciate each Non-Current Asset Class are detailed in Attachment A: Summary of Key Policy Statements.

5.6 ANNUAL REVIEWS (INCLUDING IMPAIRMENT)

5.6.1 Revaluations

The accounting standards require:

- All Non-Current Assets are to be assessed at the end of each financial year to ascertain whether there have been any changes since the last revaluation.
- Where the impact of changes in any of the key assumptions used to determine the Fair Value would result in a material difference between the Carrying Amount and the Fair Value the entire Non-Current Asset Class is to be revalued.
- If the Non-Current Asset Class is not revalued any changes in the key assumptions are to be accounted for prospectively as a change in the rate of depreciation in future periods.

This policy sets out that revaluations are required to be undertaken on an annual basis with a Comprehensive Revaluation conducted as per Attachment A. This approach ensures that the Carrying Amount of the Non-Current Asset always equals the Recoverable Amount and therefore there can never be a need to record impairment adjustments.

As part of the annual revaluation (including annual desktop updates) the following are required to be reviewed and considered in the calculation of update values -

- Replacement Cost/Unit Rates
- Condition/Consumption Score
- Residual Value
- Indicators of obsolescence

- Changes in typical renewal treatments which in turn impact the allocation of cost between Component short-life and long-life parts.

5.6.2 Depreciation Expense

In addition to updating the values the standards also require a reassessment of inputs to the calculation of depreciation expense. This includes reviewing for any changes in:

- Remaining useful life (short-life and long-life parts)
- Pattern of consumption

5.6.3 Impairment

For Non-Current Assets subject to annual revaluation there is no need to undertake an impairment assessment as by default the Recoverable Amount equals the Fair Value and Carrying Amount. AASB136 Impairment does not apply to specialised public sector assets valued using the cost approach.

However, for Non-Current Assets recorded at Historical Cost or using the market or income approach, there remains a requirement to undertake an Impairment assessment. If the Recoverable Amount is lower than the Carrying Amount (and the impact is considered to be material) the Non-Current Asset is to be written down to its Recoverable Amount. Given the low materiality of items valued at historical cost and the requirement to undertake annual revaluation of assets valued using the market or income approach under this policy it is highly unlikely that an impairment adjustment will be required.

5.6.4 Written Down to Nil but Still in Use

Non-Current Assets valued at Fair Value that have a Written Down Value of zero and are still in use shall be re-lived and revalued if the Current Replacement Cost is of a material amount.

Non-Current Assets valued at Historical Cost that have been written down to zero and are still in use shall be written off and brought back to account with a new Non-Current Asset number and useful life if the new estimate of Written Down Value is of a material amount.

5.7 DERECOGNITION VIA DISPOSAL OR WRITE-OFF

The Carrying Amount of an item of property, plant and equipment shall be derecognised upon either disposal or when no future Economic Life benefits are expected from its use or disposal.

The gain or loss arising from the derecognition shall be included in profit or loss when the item is derecognised. Gains shall not be classified as revenue.

The disposal or write-off may occur in a variety of ways including:

- Sale of the Non-Current Asset
- Entering a finance lease
- Donation
- Decommissioning or demolition
- Replacement as part of a renewal program

Upon disposal or write-off, the Carrying Amount of the part disposed or replaced is to be de-recognised irrespective of whether or not the replaced part had been depreciated separately. If it is not practicable for an entity to determine the Carrying Amount of the replaced part, it may use the cost of the replacement as an indication of what the cost of the replaced part was at the time it was acquired or constructed.

The gain or loss arising from the derecognition of an item shall be determined as the difference between the net disposal proceeds, if any, and the Carrying Amount of the item.

5.8 INTERNAL CONTROLS

Internal controls are to be developed and maintained to ensure the:

- Completeness and accuracy of the Non-Current Asset register.
- Existence of the Non-Current Asset.
- Valuations are kept up-to-date.
- Appropriateness of the valuation.

These internal controls include, but are not limited, to the following.

5.8.1 Security and Physical Control (including stocktaking and tagging)

The Asset Custodians shall assume full responsibility for Non-Current Assets within their Control. The nature of some Non-Current Asset classes, such as Infrastructure Assets, is such that the asset cannot be physically removed, are subject to regular physical inspection for Asset Management Planning purposes and are inspected for revaluation purposes. As such they do not require a separate physical stocktake.

The remaining Non-Current Assets are required to be verified via an annual stocktake process which may include a rolling stocktake process conducted over a number of years.

Non-Current Asset Class	Sub-Class	Stocktake Type	Frequency
Artworks	All items	Rolling	3 Years
Fixtures, Fittings Furniture	All items	Rolling	3 Years
Major Plant	All items	Rolling	3 Years
Motor Vehicles and Plant	All items	Rolling	3 Years

These Non-Current Assets are required to be tagged with details such as item details and location verified as part of the stocktake process.

5.8.2 Relationship with other Non-Current Asset Registers

To ensure completeness and accuracy of Asset Management System registers and miscellaneous Non-Current Asset registers each section that has Asset Custodian responsibilities and manages a Non-Current Asset register is required to develop, document, and implement appropriate processes to ensure completeness of Non-Current Asset registers.

All Non-Current Asset registers are to be reconciled to the financial reporting Non-Current Asset register at the end of the financial year.

5.9 FINANCIAL REPORTING DISCLOSURES

The Accounting Standards and other prescribed requirements require the disclosure of a range of information in the financial statements. All disclosures as required by the prescribed requirements shall be disclosed. This includes, but is not limited to, the following.

For each Non-Current Asset Class:

- Measurement basis used for determining gross Carrying Amount.
- Capitalisation Threshold for Non-Current Asset Recognition.
- Depreciation methods used.
- Useful lives or the Depreciation rates used.
- The gross Carrying Amount and the accumulated Depreciation (aggregated with accumulated impairment losses) at the beginning and end of the period.

A reconciliation showing for each Non-Current Asset Class the movements between the Carrying Amount at the beginning and end of the period showing:

- Additions
- Assets classified as held for sale and other disposals.
- Increases or decreases from revaluations.
- Impairment losses recognised and reversed.
- Depreciation
- Net exchange differences and
- Other changes.

Details of any revaluations including:

- whether the valuation was conducted internally or by an external valuer,
- the type of revaluation (full comprehensive revaluation or interim revaluation),
- date of effect and
- the financial impact (both for gross value and accumulated depreciation).

6 IMPLEMENTATION

6.1 Monitoring and Reporting

The application of this policy will be monitored and reported on through quarterly asset management meetings. The Financial Services Coordinator will be responsible for reporting to the Audit and Risk Committee on the application of the policy.

Specific performance measures will include:

- Non-Current Assets accounted for in accordance with Australian Accounting Standards and relevant legislation.

- Non-Current Asset movements recorded in the financial Non-Current Asset register on a timely basis.
- Non-Current Asset revaluations undertaken in accordance with Council's Non-Current Asset revaluation cycle.
- Stocktakes of Non-Current Assets as specified in this policy are undertaken on a timely basis.

6.2 Advice and assistance

The responsible officer for this policy provides advice to the organisation regarding this policy.

A person who is uncertain how to comply with this policy should seek advice from the responsible officer or from their Manager.

6.3 Review

The Council should review and, if necessary, amend this policy within four years of the approval date.

7 REFERENCES

Local Government Act 2020
Local Government (Planning and Reporting) Regulations 2014

Australian Accounting Standards:

AASB 5	Non-current Assets Held for Sale and Discontinued Operations
AASB 13	Fair Value Measurement
AASB 16	Leases
AASB 101	Presentation of Financial Statements
AASB 116	Property, Plant & Equipment
AASB 136	Impairment of Assets
AASB 137	Provisions, Contingent Liabilities and Contingent Assets
AASB 138	Intangible Assets
AASB 1031	Materiality
AASB 1051	Land Under Roads
AASB 1059	Service Concession Arrangements

Asset Management Plans
Risk Management Policy

Non-current Asset Accounting & Valuation Policy

ATTACHMENT A: KEY POLICY STATEMENT SUMMARY

Note – all thresholds include a +/- variation of 25% to enable exercise of professional judgement as appropriate.

Financial Reporting Non-Current Asset Class	Financial Sub Class	Valuation Basis	Valuation Method	Capitalisation Threshold	Revaluation Threshold	Maximum Frequency of Revaluations		Depreciation Method
						Full	Desktop	
Land		Current Value	Market Value or Current Replacement Cost (CRC)	$1	$1	3 years	1 Year	n/a except where land has limited life
Buildings		Current Value	Market Value or Current Replacement Cost (CRC)	$10,000	$50,000	3 years	1 Year	Straight-Line
Plant & Equipment	Plant, machinery & equipment	Current Value	Not revalued due to short life span	$10,000	N/A	3 years	1 Year	Straight-Line
	Fixtures, fittings & furniture	Current Value	Not revalued due to short life span	$3,000	N/A	3 years	1 Year	Straight-Line
	Library books	Historical Cost	Not revalued due to short life span	$1	$1	3 years	1 Year	Straight-Line
	Artworks	Current Value	Current Replacement Cost (CRC)	$3,000	$1	5 years	n/a	Not depreciated
Infrastructure	Roads	Current Value	Current Replacement Cost (CRC)	$10,000	$50,000	3 years	1 Year	Straight-Line
	Kerb & channel	Current Value	Current Replacement Cost (CRC)	$10,000	$50,000	3 years	1 Year	Straight-Line
	Bridges	Current Value	Current Replacement Cost (CRC)	$10,000	$50,000	3 years	1 Year	Straight-Line
	Footpath & cycleways	Current Value	Current Replacement Cost (CRC)	$10,000	$50,000	3 years	1 Year	Straight-Line
	Drainage	Current Value	Current Replacement Cost (CRC)	$10,000	$50,000	3 years	1 Year	Straight-Line
Intangible Assets		Historical Cost	Historical Cost	$1	N/A	3 years	1 Year	Straight-Line

Non-current Asset Accounting & Valuation Policy