Procedure: Assets

Purpose
To inform staff of the University of the requirement for accounting for assets.

Procedure

Thresholds for recognition of assets
1. The recognition thresholds for assets, as approved by Finance Committee on 17 July 1998 are:
   - Property - individual expenditures or projects costing more than $20,000 are to be recorded in the University’s asset management system
   - Plant and Equipment (excluding art and antiquities) – items costing $5,000 or more are to be recorded in the University’s asset management system
   - Equipment – costing less than $5,000 which through attractiveness for private use is considered at risk of misappropriation shall be recorded in the University’s asset management system with no value assigned.
   - Art and Antiquities – all such items shall be recorded in the University’s asset management system

2. Costs incurred relating to assets subsequent to it having been first put into use or held ready for use must be added to the carrying amount of the asset when and only when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the asset, will flow to the entity in future reporting periods. This can be evidenced by an increase in the service capacity or quality of the service provided by the asset or an extension to the asset’s useful life as a result of the expenditure.

3. All other such costs must be recognised as an expense in the reporting period in which they are incurred.

Property
4. The following shall be considered as property
   - All new land;
• All new buildings together with associated site works and services;
• Services associated with access to the University site (e.g. roads and footpaths), other than routine repairs and maintenance;
• Services associated with the provision of electricity, drainage and stormwater control, sewerage and fire prevention, other than routine repairs;
• Services associated with electronic voice and/or data transmissions and computer networks;
• Rehabilitation and renovation of assets previously capitalised when the expenditure prolongs the useful life of the asset or enhances the benefit from the asset, provided that expenditure is not of a routine or recurring nature;
• When assets are partially replaced under a rehabilitation or renovation program, the value of the asset previously capitalised shall be reduced by an amount equivalent to the estimated original cost of the replaced part less depreciation provided if any;
• Capital improvements to previously capitalised assets such as air conditioning or fire control.

5. Notwithstanding the points above, individual expenditures which cost $20,000 or less, or individual costs which constitute a total project cost of $20,000 or less, shall not be recorded as assets of the University, unless a separate determination has been made in conjunction with discussion with the Deputy Director, Finance and Business Services (or a nominee of), All projects involving repairs and maintenance and refurbishment must be considered in respect of the correct capitalisation approach and it is incumbent upon the Director, Facilities and Services (or a nominee of), to undertake this consideration and to engage the Deputy Director, Finance and Business Services (or a nominee of), if required.

6. All expenditures undertaken by Director, Facilities and Services (or a nominee of), having a total project cost greater than $20,000 shall be referred to the Deputy Director, Finance and Business Services (or a nominee of), for assessment concerning the recording of assets in the University's books of account, and whether or not the particular project is capital or expense in nature.

7. It is a requirement that all major alterations to buildings or the rehabilitation or renovation of buildings be referred to Facilities and Services, in the first instance. When Facilities and Services does not undertake the work on behalf of
Schools, Sections or University Business Units, Facilities and Services shall advise the Deputy Director, Finance and Business Services (or a nominee of), who shall assess the proposed work and may direct the recording of the asset in the University's books of account.

Plant and Equipment

2. Plant and equipment is broadly defined by the University as Office Equipment, Research Equipment, Teaching Equipment, Computer Equipment, Motor Vehicles, Musical Instruments, Works of Art and the Rare Library Collection.

Acquisition of assets

3. Assets may be acquired by donation to the University from an outside organisation or individual. The monetary value of a donated item is assessed upon its acceptance by the University and this value is confirmed by the Deputy Director, Finance and Business Services. When the value equals or exceeds the monetary thresholds for the recording of assets in the University’s Asset Books, the item is recorded in the ESP Assets Management System.

4. Equipment built or manufactured within the University for long-term use in a particular research unit, laboratory, workshop or other area may constitute a capital expenditure. Any manufactured item:

- with an expected useful life of more than one year; and
- whose total cost of manufacture equals or exceeds the monetary thresholds for the recording of assets in the University’s Asset books is to be capitalised and recorded in the ESP Assets Management System.

- The total cost of manufacture is debited by journal entry to the appropriate non-current asset account. The total cost is dissected with those expenditure accounts or a work in progress account, which have/has borne the cost of manufacture being credited, to recover the actual cost of materials, labour and other resources used. Areas involved in making items that need to be capitalised should maintain suitable records or systems to ensure that all costs can be accurately assessed. In cases where the manufacturing time spans across more than one financial year, the item should be classified as a Work In Progress (WIP) to ensure that the item is not charged to the ledger more than once. With work which takes a long time to complete (i.e. more than twelve months), recoveries should be made on the completion of appropriate stages of manufacture. Eventually, the
total cost of manufacture should be fully recovered.

5. Assets purchased from Special Purpose Funds (S and Q) and Endowment Funds (E) remain the property of the University unless specific grant conditions state otherwise. All assets purchased from SPF and Endowment funds are held in the corresponding Recurrent (R) Fund and Department Number. It is not recommended that Assets are held at Project/Grant Level in any Fund.

6. Where an Artwork or Artefact is purchased or donated, a record of the acquisition should be initiated, by the completion of the Assets – Artworks Acquisition form.

Transfer of assets

7. An asset transfer is a movement of an item of plant and equipment from one Fund/Department to another using the Asset Cost Adjust/Transfers function of the ESP Assets Management System. The Business Unit that is receiving the asset is responsible for processing the transfer in the ESP Assets Management System.

8. An asset may be transferred at no cost to the receiving Fund/Department or for an agreed contribution. As the transfer occurs within the University, the value of the asset from the whole of the University perspective remains the same.

Stocktake of Assets

9. All items recorded on the Asset Management System are to be physically located and identified at least once every two years.

10. In the performance of the stocktake, where practicable, there should be at least two persons involved (sufficiently technically competent to identify items) one of whom is independent of the area being counted.

Asset Revaluation

11. The University revalues the following categories of non–current assets:
   - Land
   - Buildings/Dwellings
   - Infrastructure
   - Artworks
   - Rare Library Items

12. Revaluation of non–current assets shall be undertaken in accordance with the relevant Australian Accounting standard.
Depreciation

13. Depreciation is a process of allocation whereby the accumulated historical cost of an item of plant and equipment is apportioned and expensed over its estimated useful life.

14. Depreciation and amortisation rates are generally based on remaining useful lives, using the straight line method of depreciation, as determined by valuation or as per the following schedule:

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computing Equipment</td>
<td>5</td>
</tr>
<tr>
<td>Research Equipment</td>
<td>7</td>
</tr>
<tr>
<td>Teaching Equipment</td>
<td>7</td>
</tr>
<tr>
<td>Motor Vehicles</td>
<td>7</td>
</tr>
<tr>
<td>Office Equipment</td>
<td>10</td>
</tr>
<tr>
<td>Other Equipment and Furniture</td>
<td>10</td>
</tr>
<tr>
<td>Musical Instruments</td>
<td>10</td>
</tr>
<tr>
<td>Buildings, Dwellings &amp; Infrastructure</td>
<td>40</td>
</tr>
<tr>
<td>Supercomputer</td>
<td>3</td>
</tr>
</tbody>
</table>

Disposal of assets

2. The University removes assets from the registers when they are obsolete, unserviceable, traded-in, sold, missing or disposed of by other means. The ‘Asset Disposal Form’ must be completed to provide authority for the physical retirement of an asset and as documentary support for the removal of the asset from the Asset Management System.
3. Consideration must be given to whether the asset being retired can be utilised by other areas of the University.

4. The accumulated historical cost of the item to be retired will dictate the level of Delegation required to proceed with the retirement process.

5. Delegate approval must be obtained prior to disposal of any assets.