Procedure: Assets

Purpose

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

Procedure

Principles

1. The recognition thresholds, exclusive of Goods and Services Tax (GST) for assets to be recorded in the University's asset management system are as follows:
    a. Property – individual expenditures or projects costing more than AUD 20,000;
    b. Plant and Equipment – items costing more than AUD 10,000;
    c. Art and Antiquities – all such items shall be recorded in the University's asset management system; and
    d. Intangibles – items costing more than AUD 5,000.
2. Costs incurred relating to assets subsequent to it being purchase are added to the value of the asset only when it is probable that additional future economic benefits are expected to flow into the University in future reporting periods in the form of:
    a. increased service capacity or quality of service provided; or
    b. extension to the asset's useful life as a result of the expenditure.
3. All other costs are recognised as an expense in the reporting period in which they are incurred.

Property

4. Property is defined as:
    a. new land;
    b. new buildings together with associated site works and services;
    c. services associated with access to the University site (e.g. roads and footpaths), other than routine repairs and maintenance;

d. services associated with the provision of electricity, drainage and stormwater control, sewerage and fire prevention, other than routine repairs and maintenance;

e. services associated with electronic voice and/or data transmissions and computer networks;

f. Capital improvements to previously capitalised assets such as air conditioning or fire control.

5. It is a requirement that all major alterations, rehabilitation or renovation to buildings are referred to the Facilities & Services division (F&S).

6. The Director, Facilities and Services (or a nominee of), in consultation with the Deputy Chief Financial Officer (or nominee of) considers the correct capitalisation for projects involving repairs, maintenance and refurbishments or a project with a total cost of AUD 20,000 (excluding GST).

Plant and Equipment

7. The following are considered plant and equipment:

   a. computer equipment – items that are relating to computer and technology equipment. Examples include laptop, supercomputer, server, etc.;

   b. research equipment – items that are acquired for research purposes. Examples include microscope, incubator, special purpose machine, etc.;

   c. teaching equipment – items that are acquired for teaching purposes. Examples include microphone, anatomical model, projector, etc.;

   d. motor vehicles;

   e. musical equipment;

   f. office equipment – items that are acquired for administrative purposes. Examples include printer, video conference equipment, etc.; and

   g. other equipment and furniture – items that are acquired but do not fall into the above categories. Examples include table, washer, freezer, etc.

8. Equipment built or manufactured within the University for long-term use in a business area is considered as Plant and Equipment where the manufactured item:

   a. has an expected useful life of more than one year; and

   b. fulfils the plant and equipment threshold.

9. Business areas involved in manufacturing items are required to maintain all relevant financial records to ensure that all costs are accurately assessed.

10. In cases where the manufacturing time spans across multiple financial years, plant and equipment will be capitalised by appropriate stages of manufacturing.

Art and Antiquities

11. The following are considered arts and antiquities:
    a. works of art;
    b. rare library collections;
    c. artefacts collections; and
    d. anthropology & archaeology collections.
12. Intangibles are defined as:
    a. software which is not an integral part of the related hardware;
    b. Goodwill as a result of business combinations;
    c. licences;
    d. trademarks;
    e. patents; and
    f. copyrights.
13. Intangibles that are developed internally are required to be measured reliably and meet the criteria stated in AASB 138 Intangibles Assets to be capitalised.

Acquisition of Assets

14. Assets are acquired by the University through the following means:
    a. procurement;
    b. donation; and
    c. internal development.
15. The monetary value of donated items are assessed upon its acceptance by the University and this value is confirmed by Finance and Business Services (F&BS). Donated assets are recorded in the University's asset management system provided that they meet the respective recognition thresholds.
16. Unless there are specific conditions, assets purchased from Special Purpose Funds (S and Q) and Endowment Funds (E) remain the property of the University and are held in the corresponding Recurrent (R) Fund and Department Number.
17. When acquiring artwork and antiquities, the Assets - Artworks Acquisition form must be completed.

18. When acquiring mobile phones and tablets, the IT Service catalogue must be used.

19. When acquiring plant and equipment, the Asset Acquisition form must be used. This form is required to be completed upon the delivery of the asset and to be forwarded to Financial Shared Services (FSS) to update the Asset Management System (AMS).

Transfer of Assets

20. An asset transfer is a movement of an asset from one business area to another.

21. The receiving business area is responsible for facilitating the transfer using the Asset Transfer form.

Stocktake of Assets

22. All items recorded in the University's asset management system are physically identified through the stocktake process at least:

    a. once every two (2) years for plant and equipment; and

    b. once every three (3) years for property and art and antiquities as part of the asset revaluation process.

23. At least two (2) qualified staff members are required to undertake the stocktake with one (1) staff member being independent of the business area holding the asset.

24. Where an asset has been taken off site, the line manager that approved the relocation is responsible for ensuring the asset is locatable for stocktake purposes.

Asset Revaluation

25. The University revalues all land, buildings, art and antiquities every three (3) years. All other assets are not revalued.

26. Revaluation is undertaken in accordance with the relevant Australian Accounting Standards and managed by F&BS.

Depreciation and Amortisation

27. Depreciation is the process of allocating the cost of an asset over the estimated useful life. Depreciation is applied to assets categorised as property, plant and equipment.

28. Amortisation is the process of allocating the cost of an intangible asset over the estimated useful life. Amortisation is only applied to intangible assets.

29. Useful life of internally developed intangible assets is determined by the business area responsible for the asset upon capitalisation and is based on its expected usage.

30. The straight-line method is applied to depreciate and amortise assets. The rate of depreciation and amortisation is determined by the following schedule:

Asset Type	Category	Years
Plant and equipment	Computer equipment	5
	Research equipment	7
	Teaching equipment	7
	Motor vehicles	7
	Musical instruments	10
	Office equipment	10
	Other equipment and furniture	10
Property	Buildings, dwellings & infrastructure	40
Intangibles	Software whether acquired externally or internally developed	3 to 7

31. The following assets are not subject to depreciation or amortisation:
    a. Land, art and antiquities; and
    b. Goodwill which is tested for impairment annually.

Disposal of Assets

32. When retiring an asset, consideration is given whether the asset can be utilised by other areas of the University and this is noted in the Asset Disposal form.

33. Authorised delegates are required to approve the disposal of assets through the Asset Disposal form.

34. The accumulated historical cost of the item to be retired will dictate the level of delegation required.

35. Disposed assets are retired both physically and from the University's asset management system.

36. The following process is followed when an asset is sold:

    a. The sale price is based on the asset's market value if it can be reasonably determined. The process whereby the market value is estimated must be properly documented, including keeping copies of relevant advertisements;

    b. Transportation costs and transit risks are borne by the buyer;

    c. An ANU invoice is raised for the sale; and

    d. The sale of an asset is subject to GST rules.

    e. ANUP_000669 Fringe Benefits Tax (FBT) must be considered when assets are disposed to an employee. The Tax Unit can be contacted to assess any FBT implications.

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