

Asset Recognition - Statutory Policy

Effective Date	1 July 2010 (Ordinary Meeting of Council - 16 March 2011)
Policy Owner	Financial
Link to Corporate Plan	Sustainable Organisation
Review Date	31 May 2027
Related Legislation	<i>Local Government Act 2009</i> <i>Local Government Regulation 2012</i>
Related Documents	<i>AASB 5 - Non-current Assets held for Sale and Discontinued Operations</i> <i>AASB 13 - Fair Value Measurement</i> <i>AASB 116 - Property, Plant and Equipment</i> <i>AASB 117 - Leases</i> <i>AASB 136 - Impairment of Assets</i> <i>AASB 138 - Intangibles</i> <i>Queensland Treasury Non-Current Asset Policies for the Queensland Public Sector</i> <i>Asset Recognition - Guideline</i>

Policy Version	Approval Date	Adopted/Approved
1	16/03/2011	Ordinary Meeting of Council
2	16/03/2011	Ordinary Meeting of Council
3	16/05/2024	Ordinary Meeting of Council

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1. PURPOSE

The purpose of this policy is to regulate and guide the identification, recognition, and measurement of non-current physical and intangible assets. This policy clarifies the accounting recognition concepts for assets to ensure compliance with the *Local Government Act 2009*, *Local Government Regulation 2012*, and Australian Accounting Standards. Council's *Asset Recognition Guideline* supports the interpretation of and compliance with this policy.

2. SCOPE

This policy applies to all Council asset accounting related activities for items of property, plant and equipment, and intangible assets considered non-current assets which are disclosed within Council's Statement of Financial Position. It is directly applicable to Asset Custodians and Council officers who have asset management and asset accounting responsibilities.

3. POLICY

3.1 Definition of an Asset

The *Australian Infrastructure Financial Management Guidelines* (the guidelines) define an asset as:

"An asset is an object (physical or intangible) that has an identifiable value and a useful life greater than twelve months, that is or could be used by the entity responsible for it to provide a service."

3.2 Recognition of an Asset

Paragraph 7 of *AASB 116 Property, Plant and Equipment* determines that the cost of an item of shall be recognised as an asset if (and only if):

- (a) *It is probable that future economic benefits associated with the item will flow to the entity;*
and
- (b) *The cost of the item can be reliably measured.*

Each of these features are discussed in the *Asset Recognition Guidelines*.

3.3 Classification of Assets

An asset class is a group of assets having a similar nature or function in the operations of Council and which, for purposes of disclosure, is shown as a single item without supplementation disclosure. That is, a class is the lowest note level disclosure in the financial statements. Queensland Treasury has recommended all government agencies (including Councils) must adopt the asset classes specified for Property, Plant and Equipment, and Intangibles as well as setting out the measurement method prescribed for each class.

Council's Asset Classes Are:

- (1) Land;
- (2) Site improvements;
- (3) Buildings;
- (4) Plant and equipment;
- (5) Furniture and fittings;
- (6) Road and bridge network;
- (7) Water infrastructure;
- (8) Wastewater infrastructure;
- (9) Stormwater;
- (10) Gas Infrastructure;
- (11) Heritage assets; and
- (12) Intangible assets

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3.4 Asset Recognition Thresholds

Council usually controls a number of low value items that satisfy the asset recognition criteria but if accounted for individually as assets would result in significant costs for limited benefits. To avoid such a situation and to facilitate a consistent threshold for reporting purposes, asset thresholds have been established. These are listed in the table below.

	Asset Class	Asset Recognition Threshold	Measurement Method
Property, Plant and Equipment	Land	\$ 1	Revaluation
	Site Improvements	\$ 5,000	Revaluation
	Buildings	\$ 10,000	Revaluation
	Plant and equipment	\$ 5,000	Cost
	Furniture and fittings	\$ 5,000	Cost
	Heritage assets	\$ 5,000	Revaluation
Property, Plant and Equipment (Infrastructure Assets)	Road and bridge network Infrastructure	\$ 10,000	Revaluation
	Water Infrastructure	\$ 10,000	Revaluation
	Wastewater Infrastructure	\$ 10,000	Revaluation
	Stormwater Infrastructure	\$ 10,000	Revaluation
	Gas Infrastructure	\$ 10,000	Revaluation
Intangibles	Computer Software	\$ 100,000	Cost

REVIEW TRIGGER:

- Periodic review