

FIXED ASSETS

Previous policy number: 1.2.11

Policy Statement

The Town of Mosman Park is obliged to maintain control over its fixed assets in accordance with regulations and standards. This policy provides the measures required to do so.

Policy Details

Objective

To ensure that appropriate records are maintained of assets controlled by the Town. This includes records or registers containing sufficient information to enable identification, management and maintenance of assets.

Policy Principles

The main purpose of maintaining asset registers in line with Australian Accounting Standards is to ensure stewardship of assets, but the records or registers may also contain information necessary for financial reporting and for insurance purposes where appropriate.

Policy Guidance

Asset Registers

Asset registers are to be maintained and include:

- physical assets controlled by the Town with a value of more than \$5,000* and with a total useful life of more than one year;
- Right of use assets as defined under AASB 16 Leases; and
- copyrights, patents, trademarks, licences and similar assets.

* Where an individual physical asset that has a value of less than \$5,000 is part of a configuration of equipment with a total value of more than \$5,000, it may be appropriate for the entire configuration to be recorded in the asset register.

Excluded Assets

Regulation 17B of the Local Government (Financial Management) Regulations 1996 states:

“A CEO must take all reasonable steps to prevent the theft or loss of —

(a) a non-consumable asset that is susceptible to theft or loss due to its portable nature and attractiveness for personal use or resale; and

(b) an asset referred to in regulation 17A(5).”

Assets that are excluded from recognition under regulation 17A(5) of the Local Government (Financial Management Regulations) 1996 will be recorded on a separate register held by the Town.

The Finance & ICT team shall ensure that appropriate measures are taken to protect assets of minor value that are portable and attractive. For risk management and insurance purposes,

records of items of an attractive nature below the value threshold, such as laptops, cameras and mobile phones, should be maintained.

Details to be recorded in the registers should contain, where applicable, the:

- Description;
- Original cost or value if donated;
- Date of acquisition;
- Manufacturer's identification numbers (e.g. serial number);
- Agency identification number; and
- Location.

Asset Value

All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework, subject to any deviation of this requirement in the Local Government (Financial Management) Regulations 1996.

In relation to this initial measurement, cost is to be determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Town is to include the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework, are to be recognised at cost and disclosed as being at fair value. They are subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework.

The fair value of fixed assets is determined at least every five years in accordance with the regulatory framework. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulations 1996 (as amended)* and Australian Accounting Standard AASB13 'Fair Value Measurement'.

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

Useful Life/Depreciation

The depreciable amount of all fixed assets excluding freehold land, vested land and artworks, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

- The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. For example, the gross carrying amount may be restated by reference to observable market data or it may be restated proportionately to the change in the carrying amount. The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses; or
- Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

The depreciable periods used for each class of depreciable asset are:

Buildings	20 to 90 years
Furniture and Equipment	1 to 10 years
Plant and Equipment:	
Cars and Utilities	1 to 5 years
Heavy Plant	4 to 7 years
Artwork	Not depreciated
Public Artwork	20 to 100 years
All Others	1 to 5 years
Computer Equipment	1 to 3 years
Tools and Other Equipment	1 to 5 years
Infrastructure Assets:	
Sealed Roads and Streets:	
- Formation	Not depreciated
- Pavement	70 to 110 years
- Seal	20 to 30 years
Footpaths	40 to 50 years
Drainage	50 to 120 years
Parks and Reserves	5 to 60 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Asset Stocktake

An asset stocktake for the asset class Property, Plant and Equipment must be performed each year. The stocktake shall be undertaken by two officers (one from Finance) independent of the stores operation or not directly responsible for asset management.

Significant differences between the register or record of assets and the assets in existence at the time of stocktake must be reported, together with particulars of follow-up action, to the accountable authority. The asset register or record of assets must be adjusted with any discrepancies identified, which shall be subsequently written off, where appropriate.

The remaining asset classes (Land, Buildings and Infrastructure) shall continue to be revalued every five years in accordance with the Local Government (Financial Management) Regulations 1996.

Definitions

Assets: Assets are physical objects owned and/or controlled by the Town of Mosman Park and include:

- Land including freehold land and land vested under the control of the Town
- Buildings
- Plant, equipment and furniture including: items of office equipment and furniture; computing hardware and software; vehicles; and scientific equipment;
- Infrastructure including roads, footpaths, drainage, parks and reserves;
- Artworks;
- Right of use assets; and
- Other assets as considered appropriate.

Depreciation/amortisation: The systematic allocation of the cost or value of an asset over its useful life. Depreciation/amortisation recognises that assets generally have a limited life and that the declining life span of an asset is an expense to an entity.

Governance References

Statutory Compliance	<i>Local Government Act 1995</i> Local Government (Financial Management) Regulations 1996 Australian Accounting Standards
Organisational Compliance	Nil.

Policy Administration

Directorate:		Officer title:
Finance		Manager Finance
Next Review		Review Cycle
March 2024		3 years
Version	Date	Ref
1	24 March 2015	OCM-046-2015
2	26 March 2019	OCM-036-2019
3	27 April 2021	OCM-059-2021