



Shire of Wyndham East Kimberley
Council Policy
F20

POLICY No:	F20
DIVISION	Finance
SUBJECT:	Non Current Asset Capitalisation and Depreciation Control
REPORTING OFFICER	Executive Manager Corporate Services
ENABLING LEGISLATION	Local Government Act (1995) Section 2.7 and Australian Accounting Standards AASB 116

OBJECTIVE:

To ensure legislative compliance in accordance with Australian Accounting Standards and provide guidelines for financial management of Non Current Assets for the Shire of Wyndham East Kimberley.

POLICY:

Non Current Assets held by Council are recorded in accordance with the Australian Accounting Standards Board (AASB) general classifications in order to provide meaningful, consistent and accurate details on the Shire's asset base for financial reporting and management purposes.

Non Current Assets arise from capital expenditure that can be either purchased directly or manufactured/constructed. The Shire of Wyndham East Kimberley may also receive donated or partially funded assets, which although maybe at a lower or no cost to Council, still satisfies the requirements for asset recognition. All capital expenditure incurred by Council must be considered in terms of the definition of assets.

Non Current Assets

Non Current Assets should comply with the recognition and measurement requirements of AASB 116 Property, Plant and Equipment.

For the purposes of recording Non Current Assets in Council's accounts, an item will be considered an "asset", based on whether the item has been allocated to a capital account, is not of a consumable nature and is valued over the threshold amounts. All items purchased and allocated to a capital general ledger account are known as "asset acquisitions". A value threshold of \$5,000.00 applies under which an asset is considered immaterial and expensed in the year it is required.

Attractive Items

Assets that may be considered non current in nature but are not recorded in the Asset Register due to threshold limits (ie: items under \$5,000) are to be recorded as the 'attractive' items should it be considered necessary to maintain a record of the item for the purposes of security, control or insurance. All attractive items should be included in any stocktake of all assets. The values of these items are to be expensed in the year they are purchased. These items are recorded in a subsection of the Asset Register as Attractive Items (a non-depreciable asset).

Works of Art

Council also has a large number of pieces of art work. These pieces shall also be included on the asset register, similar to attractive items, in that they are not to be depreciated but kept as a record and subject to stocktake.

Reporting of Assets

The accurate classification and recording of non current assets allows Council to determine the amount of funds invested and the cost involved in supplying the necessary infrastructure to support the activities of the Shire.

For reporting purposes, assets are recorded by group and class:

Group	Class	Examples
Land & Buildings	Land	Land, vacant/occupied
	Landfill	refuse(land component only)
	Brick/concrete buildings	
	Transportable Buildings	
	Steel Construction Buildings	
	Ancillary Structures to buildings	small sheds, carports, fencing, retaining walls
Furniture & Equipment	Computer equipment	computers scanners computer software
	Office Equipment	Audio/ Visual Communication Equipment Fax machines photocopiers Plan Printer Plotter Other Office equipment
	Phone Systems	Phone System

	Office Furniture	Chairs Desks Cupboards
	Kitchen Equipment	Dishwashers refrigerators
	Fitouts	flooring
	Outdoor furniture	Picnic Tables/chairs park benches Barbeque
Plant & Equipment	Light Plant	motor vehicles Sedans 4WD Vehicles Mowers Utes
	Medium Plant	Surveying equipment Tractors up to 100hp Light trucks Bush Fire fighting vehicles
	Sport & Recreation Equipment	Recreation Equipment Sound Equipment Sporting Equipment
	Other Equipment	Line Markers Playground Equipment Generators Pumps Security Systems
	Heavy Plant	Rollers Bulldozers Loaders Heavy Trucks Tractors over 100hp Graders Street Cleaners Street Sweepers Trailers
	Broadcasting	Rebroadcasting equipment
Infrastructure - Airports	Airfields	Runways Aprons Taxiways
Infrastructure - Road	Kerbs	Kerbs Median Strips
	Town road formation	
	Town -	

Pavement under

	seal	
	Town - Road seal (aggregate)	
	Town - Road Seals (Asphalt)	
	Town - Sheeting on paved roads	
	Rural Road Formation	
	Rural - Pavement under seal	
	Rural - Road Seal (Aggregate)	
	Rural - Road Seal (Asphalt)	
	Rural - Sheeting on paved roads	
Infrastructure - Bridges	Bridges	Bridges Culverts
Infrastructure - Drainage	Retarding Basins	Retarding Basins
	Drains	Drains
Infrastructure - Footpaths	Footpaths (Concrete)	Footpaths Cyclepaths Sidewalks
	Footpaths (Slab)	Footpaths Cyclepaths Sidewalks
Infrastructure - Other	Carparks	Sealed Carparks
	Boat Ramps	Boat Ramps
	Retic	Staff housing retic Oval retic Parks Retic
	Street Lights	Street Lighting
	Jetties	Jetties
	Outdoor Pools	Swimming complexes
	Sporting Facilities	Hardcourts Skatepark
Uncompleted Works	Property, Plant and Equipment	Uncompleted Buildings
	Infrastructure	Uncompleted footpaths

	Art Register	Artwork
Attractive Items	Attractive Items	Mobile Telephones Laptop Computers Cameras

Land and Building

The purchase of Land and/or Building constitutes capital expenditure and should be recorded as a “Land & Buildings” asset. The construction of buildings are to be recorded at cost. All improvements to land and/or buildings in this class include:

- Housing
- Office Buildings
- Fencing and retaining walls
- Airport Terminals

Furniture and Equipment

Purchase of furniture including chairs, desks, bookshelves, filing cabinets. Office Equipment is inclusive of photocopiers, printers, scanners.

Computers –this class includes hardware and software – hardware being UPS, servers, personal computers and laptops and software being that which is integral to the operation of the computer (such as set-up software) which would constitute capital expenditure and should be included in the total cost of the purchasing of the computer package. Purchases of computer applications which relate directly to the day-to-day running of the Shire (eg: Synergy) should be recorded on the asset register however word processing programmes are to reported as expenditure through the profit and loss statement.

Plant and Equipment

Purchase of all motor vehicles including sedans, graders, loaders, trailers and tractors. Purchases of plant (power tools-mowers, brush cutters etc) with a value equal to or greater \$5,000 included in are recorded at invoice value ex GST as an asset. Any purchases less than \$5,000 that may remain accountable should be included as attractive items.

Uncompleted Works

It is common at the end of any given financial year for a number of assets under construction to be uncompleted. In the event that this occurs, these assets are to be recorded separately on the asset register as uncompleted infrastructure works and uncompleted property, plant and equipment works respectively. The assets held in these groups are not to be depreciated until the completion of the work. The asset is then moved to its appropriate group and class, and depreciation will then commence from the completion date of the works.

Residual Values

The residual value of an asset is the estimated amount that would be obtained from disposal of the asset, after deducting the estimated costs of disposal.

Residual values have been applied to specific items that are subject to regular disposal, such as plant.

The Standards require the residual value of an asset to be assessed at least annually, and, if expectations differ from previous estimates, the change in useful life is to be accounted for as a change in an accounting estimate.

Depreciation of Assets

Depreciation is to commence from the date the non current asset is ready or available for use.

Assets are depreciated on an 'estimated useful life' basis:

Group	Class	Examples	Estimated Useful Life (Years)	Residual Value (%)
Land & Buildings	Land	Land, vacant/occupied	infinite	Not applicable
	Landfill	refuse(land component only)	30	Not applicable
	Brick/concrete buildings		40	Not applicable
	Transportable Buildings		10	Not applicable
	Steel Construction Buildings		35	Not applicable
	Ancillary Structures to buildings	small sheds, carports, fencing, retaining walls	10	Not applicable
Furniture & Equipment	Computer equipment	computers scanners computer software	3	Not applicable
	Office Equipment	Audio/ Visual Communication Equipment Fax machines Photocopiers Plan Printer Plotter Other Office equipment	5	Not applicable

	Phone Systems	Phone System	10	Not applicable
	Office Furniture	Chairs Desks Cupboards	10	Not applicable
	Kitchen Equipment	Dishwashers refrigerators	5	Not applicable
	Fitouts	Flooring	20	Not applicable
	Outdoor furniture	Picnic Tables/chairs Park benches Barbeque	10	Not applicable

Plant & Equipment	Light Plant	motor vehicles Sedans 4WD Vehicles Mowers Utes	3	33% 33% 33% 10% 33%
	Medium Plant	Surveying equipment Tractors up to 100hp Light trucks Bush Fire fighting vehicles	7	Not applicable 33% 33% 33%
	Sport & Recreation Equipment	Recreation Equipment Sound Equipment Sporting Equipment	7	Not applicable Not applicable Not applicable
	Other Equipment	Line Markers Playground Equipment Generators Pumps Security Systems	10	Not applicable Not applicable Not applicable Not applicable Not applicable
	Heavy Plant	Rollers Bulldozers Loaders Heavy Trucks Tractors over 100hp Graders Street Cleaners Street Sweepers Trailers	10	33% 33% 33% 33% 33% 33% 33% 33% 33%
	Broadcasting	Rebroadcasting equipment	15	Not applicable
	Infrastructure - Airports	Airfields	Runways Aprons Taxiways	25

Group	Class	Examples	Estimated Useful Life (Years)	Residual Value (%)
Infrastructure - Road	Kerbs	Kerbs Median Strips	40	Not applicable
	Town road formation		infinite	Not applicable
	Town - Pavement under seal		45	Not applicable
	Town - Road seal (aggregate)		10	Not applicable
	Town - Road Seals (Asphalt)		25	Not applicable
	Town - Sheeting on paved roads		20	Not applicable
	Rural Road Formation		infinite	Not applicable
	Rural - Pavement under seal		40	Not applicable
	Rural - Road Seal (Aggregate)		10	Not applicable
	Rural - Road Seal (Asphalt)		20	Not applicable
	Rural - Sheeting on paved roads		10	Not applicable
Infrastructure - Bridges	Bridges	Bridges Culverts	30	Not applicable
Infrastructure - Drainage	Retarding Basins	Retarding Basins	infinite	Not applicable
	Drains	Drains	40	Not applicable
Infrastructure - Footpaths	Footpaths (Concrete)	Footpaths Cyclepaths Sidewalks	20	Not applicable
	Footpaths (Slab)	Footpaths Cyclepaths Sidewalks	15	Not applicable

Group	Class	Examples	Estimated Useful Life (Years)	Residual Value (%)
Infrastructure - Other	Carparks	Sealed Carparks	30	Not applicable
	Boat Ramps	Boat Ramps	10	Not applicable
	Retic	Staff housing retic oval retic Parks Retic	15	Not applicable
	Street Lights	Street Lighting	25	Not applicable
	Jetties	Jetties	30	Not applicable
	Outdoor Pools	Swimming complexes	30	Not applicable
	Sporting Facilities	Hardcourts Skatepark	35	Not applicable
Uncompleted Works	Property, Plant and Equipment	Uncompleted Buildings		Not applicable
	Infrastructure	Uncompleted footpaths		Not applicable
Attractive Items	Art Register	Artwork		Not applicable
	Attractive Items	Mobile Telephones Laptop Computers Cameras		Not applicable Not applicable Not applicable

Disposal of Assets

Assets identified for disposal may be disposed with by using the following acceptable methods of disposal:

- Sale by public tender or auction
- Trade-in

In addition assets may be removed from the asset register or attractive items register if it has been identified that they have been:

- Destroyed
- Lost or Stolen

The disposal of assets will normally be influenced by the nature of goods for disposal and by their location and market value.

Disposals by way of sale or trade-in are to be recorded on the asset register at the value of the disposal and profit/loss recorded.

If item has been destroyed, lost or stolen then the disposal is defined as a write off and the disposal value is equal to the net book value.

Asset Inspection and Control

An asset stocktake will occur at least every three years to physically assess what assets are still controlled by Council to maintain accuracy of the asset register.

Impairment

As per Policy F7 – Significant Accounting Policies assets are to be assessed for impairment and reported on accordingly.

Adopted: 19 August 2008

Amended: 15 September 2009

Effective: 1 July 2009