



Asset Revaluation Policy

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A - PREAMBLE

1. The Accounting Standard AASB 116 – Property, Plant & Equipment prescribes the accounting treatment for property, plant and equipment so that users of the financial report can discern information about an entities investment in its property plant and equipment and the changes in such investment. AASB 116 requires that an entity shall choose either the cost model or the revaluation model as its accounting policy and shall apply that policy to an entire class of property, plant and equipment with regard to the measurement of an assets value after its initial recognition.

B - SCOPE

1. This policy directs those Council officers who are charged with accounting for Council's assets and related purposes.

C – POLICY PURPOSE/OBJECTIVES

1. This policy states what 'Measurement after Recognition' model Council applies to its asset classes.
2. This policy states what Councils Asset Classes are, and the Assets that each class contains.

D - DEFINITIONS

1. **Asset Class** – The categories of assets used by the Council for the purposes of Asset Management and Accounting.
2. **Cost** - The amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction.
3. **Cost Model** – After initial recognition as an asset, an item of property, plant and equipment shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses.
4. **Depreciation** – The systematic allocation of the depreciable amount of an asset over its useful life.

5. **Fair Value** – The amount for which an asset could be exchanged between knowledgeable, willing parties in an arms length transaction.
6. **Impairment** – The amount by which the carrying amount of an asset exceeds its recoverable amount.
7. **Materiality** – Information is material if its omission, misstatement or non-disclosure has the potential, individually or collectively, to:
 - (a) Influence the economic decisions of users taken on the basis of the financial report; or
 - (b) Affect the discharge of accountability by the management or governing body of the entity.
8. **Property, plant and equipment** – Tangible items that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and are expected to be used during more than one accounting period.
9. **Recognition** – The cost of an item of property, plant & equipment shall be recognised as an asset if, and only if it is probable that future economic benefits associated with the item will flow to the entity; and the cost of the item can be measured reliably.
10. **Replacement Cost** – The current cost to replace an item of property, plant and equipment on a like for like basis.
11. **Revaluation Model** – After initial recognition as an asset, an item of property, plant and equipment whose fair value can be measured reliably shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

E - POLICY STATEMENT

1. Council will determine asset classes that will be used for Council controlled assets for the purposes of Asset Management and Accounting and the measurement after Recognition Model that will be applied to assets.
2. All major asset classes (with the exception of those on the cost model) will be revalued on an annual basis to ensure their carrying values are not materially different from their fair values.
3. Prior to the 30th June each year, other minor asset classes will be assessed as to whether there is any indication that their carrying amounts differ materially from that which would be determined if the asset class were revalued at the reporting date. Where this does occur, the asset classes will be revalued in accordance with accounting standard requirements.
4. In addition, each asset class will have a detailed valuation and condition survey conducted at least on a 5 yearly basis, in order to maintain the fair value of Council assets
5. The Fair Value of assets is usually determined from market-based evidence by appraisal, which is normally undertaken by professionally qualified valuers. For asset classes where no active market exists, fair value will be determined to be the current replacement cost of an asset (in its current form) less, where applicable, accumulated depreciation calculated to reflect the already consumed future economic benefit of the asset.
6. In accordance with accounting standards, all assets within an asset class (as detailed above) will be revalued at the same time.

7. Where costs are incurred by Council in the construction or installation of an asset not owned or controlled by Council, and these costs have been recognised in the total cost of the larger Council owned asset, these costs will be excluded from any revaluation to determine the written down replacement value of the larger Council owned asset
8. All changes made to the carrying amounts of assets as a result of revaluation, will be recognised in the financial accounts of the Council as required by AASB 116 Property, Plant and Equipment. In addition, details on the timing of any revaluations and the organisation conducting the revaluations will also be included in a note to the audited financial statements.
9. Appendix A contains a table detailing asset classes.

F - LEGISLATION

1. *Local Government Act 1999*
2. *Local Government (Financial Management) Regulations 1999.*

G - REFERENCES

1. AASB 116 – Property, Plant & Equipment
2. AASB 1031 - Materiality

H - ASSOCIATED POLICY AND PROCEDURES

1. City of Salisbury Financial Reporting Process
2. Accounting Treatment of Land Under Roads
3. Asset Capitalisation Policy
4. Asset Impairment Policy

Document Control

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**APPENDIX A
ASSET CLASSES**

Asset Category	Asset Class	Assets	Measurement Model	Measurement Unit	Materiality
Buildings	Buildings	Floor, Walls, Roof, etc	Revaluation	Replacement Cost	Major
Land	Land	Land	Revaluation	Fair Value	Major
Land Improvements	Fencing on Reserve	Timber, Colourbond, etc	Revaluation	Replacement Cost	Minor
	Footpath on Reserve	Paving, Concrete, etc	Revaluation	Replacement Cost	Minor
	Irrigation on Reserve	Pipes, Pumps, etc.	Revaluation	Replacement Cost	Minor
	Kerbing on Reserve	Kerb	Revaluation	Replacement Cost	Minor
	Carpark Seal on Reserve	Bitumen, Concrete, etc	Revaluation	Replacement Cost	Minor
	Carpark Pavement on Reserve	Pavement	Revaluation	Replacement Cost	Minor
	Playground Equipment	Playgrounds	Revaluation	Replacement Cost	Minor
	Sports Courts & Facilities	Tennis, Basketball Courts, etc	Revaluation	Replacement Cost	Minor
	Furniture on Reserve	Signs, Park Benches, etc	Revaluation	Replacement Cost	Minor
	Other Structures	Works of Art, Umbrellas, etc	Revaluation	Replacement Cost	Minor
	Landscaping on Reserve	Landscaping, Plants, etc	Revaluation	Replacement Cost	Minor
Asset Category	Asset Class	Assets	Measurement Model	Measurement Unit	Materiality
Infrastructure	Bridges	Road, Footpath, Boardwalks	Revaluation	Replacement Cost	Minor
	Natural Formed Roads	Natural Formed Roads	Revaluation	Replacement Cost	Minor
	Irrigation on Roads	Pipes, Pumps, etc.	Revaluation	Replacement Cost	Minor
	Footpath on Roads	Paving, Concrete, etc	Revaluation	Replacement Cost	Major
	Kerbing on Roads	Kerb, Roundabouts, Medians	Revaluation	Replacement Cost	Major
	Carpark Seal on Roads	Bitumen, Concrete, etc	Revaluation	Replacement Cost	Minor
	Carpark Pavement on Roads	Pavement	Revaluation	Replacement Cost	Minor
	Road Seal	Spray Seal, Bitumen	Revaluation	Replacement Cost	Major
	Road Pavement	Pavement	Revaluation	Replacement Cost	Major
	Road Formation / Earthworks	Earthworks	Revaluation	Replacement Cost	Major
	Furniture on Roads	Signs, Park Benches, etc	Revaluation	Replacement Cost	Minor
	Landscape on Roads	Works of Art, Umbrellas, etc	Revaluation	Replacement Cost	Minor
	Pipes & Pits	Pipes, Side Entry Pits, etc	Revaluation	Replacement Cost	Major
	Open Channel	Open Channel	Revaluation	Replacement	Minor

				Cost	
	Dams	Dams	Revaluation	Replacement Cost	Minor
	Recycled Water	Bores, Reticulation pipes & meters, pumps, mechanical /electrical, etc	Revaluation	Replacement Cost	Minor
Plant, Equip Furniture, Fittings	Plant, Furniture & Equipment	Major Plant, Fleet, Computer Equipment, Office Furniture	Cost	Historical Cost	Minor
Library Books	Library Resources	Library Books	Revaluation	Replacement Cost	Minor