

**UNSW Accounting Procedure**

<b>Linked UNSW Policy</b>	Property, Plant & Equipment
<b>Responsible Officer</b>	Director, Corporate Finance and Advisory Services and Shared Services
<b>Contact Officer</b>	Senior Manager, Capital Asset Management and Reporting, Corporate Finance and Advisory Services (CFAS)
<b>Review</b>	Every year
<b>Effective Date</b>	31 December 2013

**1. Objective**

This procedure outlines the process for accounting for changes in the carrying value of assets due to revaluation exercises, undertaken independently or internally from time to time as determined by the policy on Property, Plant & Equipment.

**2. Basis of Accrual**
**2.1 Revaluation process**

The valuation exercise, coordinated by Capital Asset Management and Reporting, CFAS is performed by independent external valuers in December. Once in five years, a full-scale valuation is performed, while a desk top valuation is performed in the subsequent years.

Details of capital projects undertaken (i.e. work-in-progress and completed buildings), building demolitions, major maintenance work, various asset acquisitions and disposals during the year are provided to the valuers at the commencement of valuation. Further, expenditure incurred on capital projects completed and capitalised during the year are split into various components (as detailed in the procedure on 'Accounting for Capital Projects') to facilitate the valuation of buildings.

**2.2 Relevant classes Property Plant & Equipment (PPE) and Intangible assets:**

The following classes of PPE are subject to annual valuations by independent external valuers:

<b>Class of PPE</b>	<b>Responsible area</b>
Land	Capital Asset Management and Reporting, CFAS & Facilities Management
Buildings	Capital Asset Management and Reporting, CFAS & Facilities Management
Student Accommodations	Capital Asset Management and Reporting, CFAS & Facilities Management
Leasehold Improvements	Capital Asset Management and Reporting, CFAS & Facilities Management
Artwork	Capital Asset Management and Reporting, CFAS & University Art Curator
Rare books	Capital Asset Management and Reporting, CFAS & University Library

The following classes of PPE are recorded at cost less accumulated depreciation and impairment, in line with the PPE policy, and are not subject to valuation requirements:

1. Computer Equipment
2. Other Plant & Equipment
3. Library holdings
4. Motor Vehicles

Intangible assets are recognised at cost less accumulated amortisation and impairment, and are not revalued.

### **3. Accounting procedure**

#### **3.1 Capital Asset Management Reporting, CFAS: Revaluation adjustments & Reconciliation**

The revaluation gain or loss is determined on a 'class' basis rather than on an 'individual asset' basis, and is accounted, in line with the PPE policy, at the 'Central' level through relevant Balance Sheet accounts.

The asset cost, accumulated depreciation (provision) and revaluation reserve accounts are adjusted at a 'Central' level, through manual journals, to reflect the fair value as at 31 December of each financial year, in accordance with the valuation report.

Where the existing reserve balance is insufficient to absorb the revaluation loss of any class of PPE, the resulting loss is charged to 'Central' through the relevant impairment expense accounts.

#### **3.2 NS Financials - Asset Management System (AMS): Depreciation of subsequent years**

In January, subsequent to the revaluation performed at previous year end, the fair value and estimated remaining useful life of each asset is updated in the AMS database.

This enables the AMS to generate the depreciation expenses, in line with the valuation report. (For further details on the monthly depreciation procedure, refer 'Accounting for Depreciation').

### **4. Operational aspects**

#### **4.1 Treatment of existing Revaluation reserve balances at 'Central' level**

The existing balance in the revaluation reserve accounts will not be pushed down to the business units. All revaluations gains/ losses will be adjusted to 'Central'.

#### **4.2 Asset <\$5,000 being revalued to above \$5,000 and vice versa:**

This is common with Art work valuation, where the value of individual items fluctuate above/ below \$5,000 in various years. Such value increments/ decrements will be reflected in the AMS only if the rise/ fall in value have been consistent for at least three years.