



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

1. Objective

This procedure outlines the process to account for depreciation expense determined in accordance with AIFRS, at a departmental level (i.e. Faculties, Schools & Divisions) in NS Financials.

2. Basis of Accrual

2.1 Computer Equipment, Other Plant and Equipment, Motor vehicles and Library holdings

The assets are depreciated based on their historic cost, on a straight-line basis over the estimated useful life of the asset, in line with the policy on Property, Plant & Equipment (PPE). These assets are depreciated through the Asset Management System (AMS) from the time the asset is available for use.

2.2 Buildings and Student accommodation

The assets are shown at fair value based on annual valuations by external independent valuers, less any subsequent accumulated depreciation. Any accumulated depreciation at the date of revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

The University's buildings and student accommodations are depreciated using the straight line method to allocate their revalued amounts, less any residual value, over their estimated remaining useful lives.

2.3 Land, Works of Art, Rare books and Buildings under construction (i.e. work-in-progress)

These are not depreciable assets and are not subject to depreciation in line with the policy on PPE.

2.4 Leasehold improvements and Intangible assets

Refer procedure on 'Accounting for Amortisation expense'.

If an impairment loss is recognized, the depreciation/ amortization charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount over its remaining useful life.

3. Accounting procedure

3.1 NS Financials - Asset Management system (AMS): Depreciation on Computer Equipment, Other Plant and Equipment, Motor vehicles and Library holdings

The AMS generates depreciation charges on a monthly basis, and charges it to the relevant business units through the asset depreciation expense accounts and accumulated depreciation (provision) accounts.

3.2 NS Financials -Asset Management system (AMS): Depreciation on Buildings & Student accommodation

3.2.1 Updating asset database

At the beginning of each year, the historical cost/ fair value and useful lives, of buildings and student accommodation in the AMS database, are updated with the 'Revaluation report' data maintained by Capital Asset Management Reporting, CFAS.

3.2.2 Monthly depreciation charges

The AMS generates monthly depreciation charges, at a Central level, through the depreciation expense accounts and accumulated depreciation provision accounts, based on the revised fair values, useful lives and allocation table incorporated in the database at the beginning of the year.

Additional capitalisations during the year, to buildings and student accommodation and leasehold improvements are updated through the AMS by the Assets Management Unit, to generate the appropriate depreciation expense.

3.3 Capital Asset Management Reporting, CFAS: Monthly Reconciliation

The system generated depreciation is checked for accuracy based on the depreciation schedule, driven by the depreciation policy and revaluation reports, and any discrepancy is investigated. The accumulated depreciation accounts are reconciled at a 'Central' level.

4. Operational aspects

4.1 Treatment of existing 'Accumulated depreciation' balances at 'Central' level:

The existing balance in the depreciation provision accounts will not be pushed down to the business units.

4.2 Charges to Business Units (i.e. Faculties, Schools & Divisions)

The business units will not be charged with depreciation expense on Buildings and Student accommodations.

4.3 Revaluation gain/loss

Any gain/loss resulting from the annual asset valuations are adjusted against the asset cost, accumulated depreciation and revaluation reserve accounts.