

<b>UNSW Accounting Procedure</b>	
<b>Linked UNSW Policy</b>	Investments and Other Financial Assets; Impairment of Assets
<b>Responsible Officer</b>	Director, Corporate Finance and Advisory Services and Shared Services
<b>Contact Officer</b>	Senior Group Statutory Reporting Manager, Corporate Finance and Advisory Services
<b>Review</b>	Every year
<b>Effective Date</b>	31 December 2013

### 1. Objective

This procedure outlines the impairment testing process and the resultant accounting transactions determined in accordance with AIFRS, at a departmental level (i.e. Faculties, Schools & Divisions) in NS Financials.

### 2. Basis of Impairment testing- Investments & Other Financial assets:

Investments in equity instruments are deemed 'impaired', and charged to the Income Statement, when either of the following occurs:

1. There is a significant decline (20% or more) in the fair value of the instrument as compared to its original cost; or
2. There is a prolonged decline in the fair value, i.e. for a period of more than one year, over the entire period for which the instrument has been held

### 3. Procedure

#### 3.1 Half yearly impairment testing by Corporate Finance and Advisory Services (CFAS)

The University investments comprise of various portfolios, which are assessed every June and December to ensure that their book value is not more than the recoverable amount. CFAS uses various valuation techniques to assess the recoverable amounts of the assets.

The decline in value of investments in equity instruments is treated as impairment loss if there is significant reduction or prolonged decline in the fair value of the investment.

The impairment loss on financial assets determined out of the December assessment exercise will be recognised in the accounts and communicated to the senior management.

The impairment losses are recognised in December, at a 'Central' level, in accordance with the policy on 'Investments & Other Financial assets' as follows:

<b>Category of Financial asset</b>	<b>Recognition of Impairment loss</b>
Financial Assets at Fair Value through Profit or Loss	In the Income statement
Loans and Receivables	In the Income statement
Held-to-Maturity Investments	In the Income statement
Available-for-Sale Financial Assets	When an available-for-sale financial asset is impaired, the cumulative loss that has been recognised directly in equity shall be removed from equity and recognised in the income statement even

	<p>though the financial asset has not been derecognised. The amount of the cumulative loss shall be the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement.</p> <p>Impairment losses recognised in the income statement on equity instruments shall not be reversed through the income statement, but are recognised in equity in the available-for-sale financial assets revaluation reserve.</p>
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#### 4. Operational aspects

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

Investments are managed centrally by Investment Services, and any impairment will be charged to the relevant central chartfields.