

Assets Procedure

Section 1 - Purpose and Scope

- (1) Property, plant and equipment, portable and attractive items and intangible assets are used by The University of Queensland (UQ or the University) staff and students in the course of carrying on UQ's business.
- (2) The objective of this Procedure is to define assets that fall under this Procedure and outline UQ's requirements for the accounting treatment and administration of these assets.
- (3) This Procedure applies to all UQ staff that use property, plant and equipment, portable and attractive items and intangible assets owned by UQ.

Section 2 - Process and Key Controls

Property, Plant and Equipment

- (4) Property, Plant and Equipment is defined as 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 year.

Land

- (5) Real property held by UQ.

Buildings

- (6) A building is defined as any structure that has a roof.

Infrastructure Assets

- (7) Infrastructure assets are long-life physical assets that consist of an entire system or network, which provides the foundation to support the University's services. An infrastructure asset is primarily stationary in nature, purpose built, with a long useful service life, and is associated with a network or system.

- (8) Examples of infrastructure assets include the following:

- a. Water and Wastewater Systems
- b. Harbour and Port Facilities
- c. Lighting Systems
- d. Wharves
- e. Dams
- f. Bus Stations
- g. Bridges
- h. Road Networks
- i. Electricity Supply Systems

- j. Hangers
- k. Gas Supply Systems/Networks
- l. Runways
- m. Pipelines
- n. Sewerage Systems
- o. Rail Network.

Land Improvement Assets

(9) Land improvements are long-life attachments to parcels of land that increase the land's usefulness or value and have a limited useful life.

(10) Examples of land improvement assets include the following:

- a. Covered Play Areas
- b. Roads, Footpaths, Paved Areas
- c. Fountains
- d. Outbuildings and Covered Ways
- e. Landscaping and Improvements
- f. Stormwater and Sewer Drainage
- g. Sheds
- h. Water and Gas Supply
- i. Parking Lots (bitumen car parks)
- j. Fire Protection Systems
- k. Parking Barriers
- l. Electric Light & Power
- m. Retaining Walls
- n. Communication Systems
- o. Centralised Energy Systems.

Heritage Assets

(11) Only those assets that the University has a statutory obligation to preserve, for example places listed under the [Queensland Heritage Act 1992](#), are regarded as heritage assets.

(12) Heritage assets that provide operational service to the University are regarded as part of the generic asset class to which they belong and are recognised, recorded, revalued and depreciated on the basis applying to assets with the same functionality.

Library Collections

(13) The University's library collection includes the following:

- a. Heritage Collection:
This collection comprises permanently retained materials with heritage, cultural or historic significance whose value does not diminish over time.
- b. Reference Collection:
This collection comprises 80% (derived by Library staff based on their considered opinion) of the University's monographs. This collection is considered to have a longer useful life than the common use collection but items are not held indefinitely. If possible, items in this collection would generally be replaced if lost or damaged.

c. Common Use Collection:

This collection comprises 20% (derived by Library staff based on their considered opinion) of the University's monographs, all print subscriptions (serials and publications) and all other reference material. Materials in this collection have a short useful life and are continually being updated and replaced.

Museums and Other Collections (Including Works of Art)

(14) Includes the collections of the Anthropology, Antiquities and Art museums.

Plant and Equipment

(15) Plant and equipment, hereafter referred to as equipment, is defined as any item of a permanent nature with a life expectancy of more than one year, except that:

- a. Components to be used in the manufacture of an equipment item by an organisational unit are to be regarded as equipment where they meet the above criteria.
- b. Items that meet the above criteria and are purchased for inclusion in a formal inventory holding, will not be recognised as equipment until they are issued or sold to organisational units.

Work in Progress

(16) Work in progress is defined as property, plant and equipment under construction, or in the process of being constructed, but yet to meet the recognition criteria of being in the location and condition necessary for it to be capable of operating in the manner intended by management. The asset recognition threshold is applied on the basis relating to assets that have the same functionality.

Leased Assets

(17) Assets acquired under leases are recognised initially at an amount equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, using the interest rate implicit in the original lease contract as the discount factor. A corresponding liability for the lease payments must also be recorded.

(18) Assets acquired under a lease that meet the definition of land, buildings, infrastructure and land improvements are subject to the same recognition thresholds and revaluation requirements as assets of the class to which the asset would belong if owned or otherwise controlled by the University.

Leasehold Improvements

(19) Leasehold improvements are attachments to assets subject to leases that increase the asset's usefulness or value, and have a limited useful life.

(20) Leasehold improvements include wall construction, painting, cabling, carpeting, glazing, joinery, built in desks, cabinets and workstations.

Portable and Attractive Items

(21) Portable and attractive items are non-consumable items that:

- a. have a value less than the University's plant and equipment capitalisation threshold, and
- b. are susceptible to theft or loss due to their portable nature and attractiveness for personal use or resale.

(22) An item is considered portable if it can be easily carried or moved. For example, an item would be considered portable if it could easily fit in a backpack; it would not be considered portable if it required more than one person to carry it.

(23) An item is considered attractive if it has a likelihood of being advantageous or profitable. For example, an item would be considered attractive if there was an active market for the sale of the item; it would not be considered attractive if it could not be used by a body/individual external to the University.

(24) The number of potential users does not affect the portable and attractive nature of an item. An item with only one user is considered portable and attractive provided it meets the definition above.

(25) The following items may be recorded on the Asset management module of UniFi at the discretion of the organisational unit:

- a. Items that have a value under the threshold but are deemed highly susceptible to theft or loss.
- b. Items that are not portable in nature but a record needs to be kept for other purposes, for example, fleet replacement purposes.

Intangible Assets

(26) An intangible asset, is an asset that:

- a. is identifiable:
 - i. is separable, i.e. capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged either individually or together with a related contract, asset or liability; or
 - ii. arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations;
- b. does not have tangible, physical substance; and
- c. the beneficial ownership of which entitles the owner to future economic benefits.

(27) Examples of intangible assets include:

- a. intellectual property (including but not limited to theses, patents, trademarks, copyrights);
- b. intellectual property work in progress (being developed but not yet patented or copyrighted);
- c. licences;
- d. software purchased (predominantly purchased from external providers and used in the form it was purchased without material changes programmed by the University);
- e. software internally generated (predominantly developed within the University);
- f. software work in progress (being developed but not yet available for use);
- g. digital library reference collection;
- h. digital library heritage collection.

Section 3 - Key Requirements

Table of Contents

Approval	Clauses 28-30
Recognition	Clauses 31-58
Thresholds	Clauses 32-37
Accounting treatment	Clauses 38-40
Exclusions	Clauses 41-45

Maintenance / capital expenditure	Clauses 46-52
Digital library collection	Clauses 53-56
Software	Clauses 57-58
Depreciation and amortisation	Clauses 59-73
Property, plant and equipment	Clauses 59-65
Intangible assets	Clauses 66-73
Valuations and revaluations	Clauses 74-93
Acquisition at other than fair value	Clauses 74-77
Assets withdrawn permanently from use	Clauses 78-80
Revaluations	Clauses 81-93
Impairment	Clauses 94-107
Recording an impairment loss	Clauses 101-102
Reversing an impairment loss	Clauses 103-107
Held for sale	Clauses 108-111
Derecognition	Clauses 112-150
Donated to body/individual external to the University	Clauses 119-123
Traded-in	Clauses 124-130
Responsibilities	Clauses 125-129
Process	Clause 130
Sold to body/individual external to the University	Clauses 131-140
General	Clauses 131-135
GST on sale of University assets (as second hand goods)	Clauses 136-138
Proceeds of external sale	Clause 139
Sold internally	Clause 140
Scrapped	Clauses 141-142
Returned to the supplier	Clauses 143-145
Damaged	Clause 146
Stolen	Clauses 147-148
Missing assets	Clauses 149-150
Losses and damages	Clauses 151-152
Research equipment	Clauses 153-163
Use of research equipment	Clauses 153-155
Transfer of research equipment	Clauses 156-160
Disposal of research equipment	Clauses 161-163
Loans	Clauses 164-171
Inward loan, hire and testing	Clauses 164-166

Part A - Approval

(28) The acquisition of assets that fall under this Procedure is authorised as per the [Schedule of Financial Delegations and Sub-Delegations](#).

(29) The purchase of plant and equipment and portable and attractive items by corporate card and reimbursement is specifically prohibited in the [Outgoing Payments Procedure](#).

(30) All retirements must be properly authorised by the Head of the organisational unit. In addition, the write off of assets that are damaged, stolen or missing must also be authorised as per the [Schedule of Financial Delegations and Sub-Delegations](#).

Part B - Recognition

(31) Assets that fall under this Procedure are recognised when it is probable that future economic benefits will eventuate from the asset and its cost or value can be reliably measured.

Thresholds

(32) In summary, the asset recognition thresholds are:

- a. Property, Plant and Equipment
 - i. Land - \$1
 - ii. Buildings - \$10,000
 - iii. Infrastructure - \$10,000
 - iv. Land Improvements - \$10,000
 - v. Library Collections - \$1
 - vi. Museum Collections - \$1
 - vii. Plant and Equipment - \$5,000
 - viii. Leasehold Improvements - \$10,000.
- b. Portable and Attractive Items - \$2,000
 - i. Laptops - \$1.
- c. Intangible Assets
 - i. Intellectual Property - \$100,000
 - ii. Software Internally Generated - \$100,000
 - iii. Software Purchased - \$100,000
 - iv. Digital Library Collections - \$1.

(33) Actual cost is used for the initial recording of all asset acquisitions. Assets acquired at no cost or for nominal consideration are recognised at their fair value at the date of acquisition.

(34) Generally, the cost comprises:

- a. The purchase price, including duties and non-refundable taxes, after deducting discounts and rebates;
- b. Costs of materials and services used or consumed in generating the asset;
- c. Costs of employee expenses arising directly from the generation of the asset;

- d. Costs of site preparation;
- e. Delivery and handling costs;
- f. Installation and assembly costs;
- g. Costs of testing whether the asset is functioning properly;
- h. Professional fees;
- i. System configuration;
- j. Fees to register a legal right; and
- k. Any other costs directly attributable to bringing the asset to the location and condition necessary for its intended use.

(35) The value of a building includes the cost of the building's major internal components, for example, lifts, lighting and electrical systems, ducted air conditioning systems, fans and doors; and any fees and other incidental expenditure associated with its construction or purchase excluding demolition and site clearing costs.

(36) The thresholds apply to individual items except where several related items, when considered collectively, constitute one asset. For example, a scientific refrigerator and shelving rack system are to be regarded as one item.

(37) GST is not included in the cost of assets that fall under this Procedure.

Accounting Treatment

(38) Property, plant and equipment and intangible assets are capitalised at a corporate level and recorded on the balance sheet of the University. Any expenses relating to the acquisition/creation of property, plant and equipment and intangible assets remain with the organisational unit who purchased/created the asset.

(39) Items that do not meet the definition of property, plant and equipment or intangible assets are to be charged to a relevant expense account. By definition, portable and attractive items do not meet the asset capitalisation threshold and consequently, are expensed in the financial year in which they are acquired.

(40) Items that fall below the relevant asset recognition threshold are expensed in the year of acquisition.

Exclusions

(41) The common use library collection is expensed in the year of purchase.

(42) Internally generated goodwill, brands, mastheads, publishing titles, customer lists and items similar in substance must not be recognised as intangible assets.

(43) Costs to be expensed in the period in which they are incurred:

- a. Activities performed during the research stage;
- b. Costs incurred prior to asset recognition criteria being satisfied;
- c. Costs incurred in documenting policies and guidelines;
- d. Costs incurred after an asset is in the location and condition necessary for it to be capable of being operated in the manner intended;
- e. General administration costs;
- f. Indirect overhead costs;
- g. Software user licences;
- h. Training costs;
- i. Maintenance fees and agreements which are renewable on a regular basis;
- j. Warranties;

- k. Motor vehicle registration; and
- l. Motor vehicle insurance costs.

(44) Development expenditure is capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

(45) The reinstatement and capitalisation of costs previously recognised as an expense is prohibited.

Maintenance / Capital Expenditure

(46) When costs are incurred in relation to an existing asset, it is necessary to distinguish between expenditure which relates to "repair and maintenance" of the asset as opposed to "capital improvement" of the asset.

(47) Repairs and maintenance represent work performed to keep an asset in an operating condition, and to ensure that the service originally expected of the asset is obtained. Repairs and maintenance are expensed in the year they are incurred.

(48) Capital improvements increase the asset's productive capacity, extend the economic life of the asset beyond that originally expected, or reduce the level of operating costs.

(49) Expenditure on capital improvements is identified in respect of buildings, infrastructure assets and land improvement assets. Capital improvements are charged to the relevant asset General Ledger code, capitalised and depreciated on the same basis as the asset to which they relate.

(50) Capital improvements to buildings include major additions and alterations to their shell or structure, for example the addition of an annexe, an additional floor, or a major refurbishment. Alternatively, repairs would include renovations, minor refurbishment, and replacing the internal components of buildings, for example removing and installing new partitions, rewiring, and painting.

(51) Examples of capital improvements to infrastructure and land improvements would include enlarging a dam or lake, laying bitumen on a dirt car park or dirt road, and creating a new playing field. Repairs and maintenance expenditure would include rewiring a cable network, replacing pipes, and resurfacing a road or path.

(52) When expenditure on capital improvements is capitalised the remaining carrying amount of the portion of the asset being "improved" must be derecognised.

Digital Library Collection

(53) Access to electronic media is generally obtained by either outright purchasing of the information or through a licence agreement. Under either method the issue of control, as well as expected economic benefits, must be considered when determining whether capitalising or expensing is appropriate.

(54) When electronic media is purchased outright control over the asset is generally obtained to partially satisfy the asset recognition criteria. Assuming the other asset recognition criteria are satisfied the cost of the purchase must be capitalised.

(55) When information is accessed through a licence agreement there is no access to the information unless the licence fee is paid and other terms of the agreement are met e.g. access rights and copyright clauses apply. Where this occurs, the University does not have control of the information. Consequently, the annual licence fee must be expensed and not recognised as an asset.

(56) However, where the University has archival access, capitalising this electronic media may be appropriate as the benefit lasts for more than one year.

Software

(57) When determining whether computer software is to be classified as property, plant and equipment or as an intangible asset, judgement must be used to assess whether the tangible or intangible element is more significant. For example, computer software for a computer-controlled machine or tool that cannot operate without that specific software is an integral part of the related hardware and it is treated as property, plant and equipment. The same applies to the operating system of a computer.

(58) When the software is not an integral part of the related hardware, computer software is treated as an intangible asset where it meets the asset recognition threshold, otherwise it is expensed.

Part C - Depreciation and Amortisation

Property, Plant and Equipment

(59) Items of property, plant and equipment other than land, work in progress, the library heritage collection, and the museums and other collections (including works of art), are depreciated over their estimated economic useful lives either using the straight line or diminishing value method.

(60) In summary, the depreciation rates and methods used are:

- a. Buildings - 1% to 10% straight line
- b. Infrastructure - 1% to 5% straight line
- c. Land Improvements - 1% to 10% straight line
- d. Library Reference Collection - 15% diminishing value
- e. Plant and Equipment:
 - i. Computing Equipment - 17% straight line
 - ii. Motor Vehicles - 15% straight line
 - iii. Other Plant and Equipment - 10% straight line.

(61) Leased assets and leasehold improvements are depreciated over either the unexpired period of the lease, or the useful lives of the assets or improvements, whichever is the shorter. Where there is reasonable certainty that the University will obtain ownership of a leased asset by the end of the lease term, the leased asset should be depreciated over its useful life.

(62) Depreciation for buildings, leasehold improvements, and the library reference collection will be calculated from the year after acquisition. Depreciation for all other property, plant and equipment will be calculated from the month after acquisition. Depreciation is taken up until the item is fully depreciated, or until the month of retirement, whichever is the earliest.

(63) A diminishing value method of depreciation is applied to the library reference collection as it is recognised that items in the library reference collection may physically deteriorate over time, and that the incidence of access to items is greater in the earlier years.

(64) AASB 116 Property, Plant & Equipment requires that the residual value, useful life and depreciation method of an asset be reviewed at least at the end of each annual reporting period. If expectations differ from previous estimates (i.e. expectations with respect to the depreciable amount, useful life or pattern of consumption of the asset) the consequential change in the rate of depreciation is to be accounted for as a change in accounting estimate.

(65) Corporate Finance within FBS undertake an annual review of the useful lives and residual values for each asset class at reporting date.

Intangible Assets

(66) Intangible assets, both at cost and fair value, are subject to amortisation.

(67) An assessment is to be undertaken to determine whether the useful life of an intangible asset is finite or indefinite.

(68) Where indefinite, no amortisation is to be taken. The useful life of an intangible asset that is not being amortised is reviewed at least at the end of each annual reporting period. If expectations differ from previous estimates the consequential change to an intangible asset with a finite useful life is to be accounted for as a change in accounting estimate.

(69) The digital library heritage collection is determined to have an indefinite useful life and is not amortised.

(70) Where finite, the asset is to be amortised over its useful life, with the method reflecting the pattern in which the asset's future economic benefits are expected to be consumed. If that pattern cannot be determined reliably, the straight-line method is to be used.

(71) In the case of system development costs, the useful life is eight (8) years and the straight-line method is used. In the case of theses and the digital library reference collection, amortisation is calculated using the diminishing value method with a rate of 15%.

(72) The residual value of an intangible asset with a finite useful life is nil.

(73) The amortisation period and method of an intangible asset with a finite useful life is reviewed at least at the end of each annual reporting period. If expectations differ from previous estimates, the consequential change in the amortisation period or method is to be accounted for as a change in accounting estimate.

Part D - Valuations and Revaluations

Acquisition at Other than Fair Value

(74) Assets acquired at no cost or for a nominal consideration, such as assets donated to the University, must be recognised at fair value as at the date of acquisition.

(75) The objective of valuing these assets is to report on the value of economic benefits embodied in the asset.

(76) The University of Queensland's view is that fair value is the most relevant measurement attribute for assets. Purchase price is the most common basis for determining "fair value".

(77) All organisational units who manage these assets are responsible for ensuring that all assets are listed and assigned a value on the Asset Register.

Assets Withdrawn Permanently From Use

(78) An asset is withdrawn permanently from use when it has not been used for 12 months or more, has a carrying amount material to the relevant asset class and there are no plans to reinstate the asset to use.

(79) An asset withdrawn permanently from use should be valued at selling price or scrap value.

(80) The valuation of an asset held at fair value withdrawn permanently from use should be dealt with as an impairment.

Revaluations

(81) Non-current assets measured at fair value are revalued at intervals of no greater than four years by appraisals undertaken by an independent professional valuer or internal expert. However, if the nature of the assets is such or an event causes a material movement in the value of the asset or class thereof, revaluations may be performed more frequently.

(82) The Queensland Treasury and Trade Non-Current Asset Policies for the Queensland Public Sector require that interim revaluations of assets measured at fair value be performed on an annual basis, except in the year in which a full revaluation has been carried out. These interim revaluations are to be carried out using an appropriate and relevant revaluation index as determined by an appointed valuer, where practicable. Interim revaluations are only applied when there is a material movement in the index.

(83) Assets are not revalued in the year of acquisition on the basis that they are purchased or constructed at fair value.

(84) In summary, the asset values are recorded as follows:

- a. Land - Fair value
- b. Buildings - Fair value
- c. Infrastructure - Fair value
- d. Land Improvements - Fair value
- e. Library Heritage Collections - Fair value
- f. Library Reference Collections - Average cost of purchase over five years
- g. Museum Collections - Fair value
- h. Plant and Equipment - Cost
- i. Work In Progress - Cost
- j. Leasehold Improvements - Cost
- k. Intangible Assets - Cost.

(85) In the case of land, buildings, infrastructure and land improvements, the recorded valuation is based on the gross current value assessed at current market value, or where no depth of market can be established, at replacement cost.

(86) The collections of the Anthropology, Antiquities and Art museums will be valued at net fair value adjusted for any purchases, donations and deletions made.

(87) Where there is an active and liquid market, intangible assets are to be carried at fair value; otherwise, they must be carried at cost.

(88) Capitalised development expenditure and the digital library reference collection is stated at cost less accumulated amortisation. These are recorded at the cost of reproduction less accumulated amortisation. The digital library heritage collection is stated at cost.

(89) All revaluations need to be co-ordinated by Corporate Finance within FBS in accordance with the Queensland Treasury and Trade Non-Current Asset Policies. However, carrying out this task is the responsibility of the responsible officer within the organisational unit. Upon receiving such a request, the Head of Organisational Unit will nominate a valuer who should be a person with appropriate professional qualifications. The Chief Financial Officer will be advised of the name and qualifications of the valuer prior to the commencement of the valuation. After completion of the valuation, a copy of the valuation report signed and dated by the valuer will be submitted to the Chief Financial Officer.

(90) Comprehensive valuation Procedures are available. To obtain a copy contact the Assets Unit within FBS.

(91) On revaluation, accumulated depreciation 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.

(92) Any revaluation surplus is credited to a revaluation reserve included in the equity section of the Statement of Financial Position unless it reverses a revaluation decrease of the same class of asset previously recognised in profit or loss.

(93) Any revaluation deficit is recognised in profit or loss unless it directly offsets a previous surplus from the same class of asset in the revaluation reserve and a positive balance exists in the revaluation reserve.

Part E - Impairment

(94) All non-current assets must be assessed for indicators of impairment in accordance with AASB 136 Impairment of Assets.

(95) Impairment is the decline in the future economic benefits or service potential of an asset, over and above the use reflected through depreciation. In general, an asset is impaired when its recoverable amount is less than its carrying amount.

(96) The recoverable amount of an asset is determined as the higher of an asset's net selling price (fair value less costs to sell) and its value in use. AASB 136 Impairment of Assets prescribes the value in use for not-for-profit entities as the depreciated replacement cost of the asset.

(97) A review for impairment indicators is performed and documented annually by Corporate Finance within FBS. All asset classes are reviewed for indicators of impairment.

(98) Most assets will only be tested for impairment if there are indicators of impairment. Formal estimates of the recoverable amount of an asset are not required if no indicators of impairment are identified.

(99) Intangible assets with an indefinite useful life or intangible assets not yet available for use will be tested for impairment annually, irrespective of whether there are any indicators of impairment, and whenever there is an indication that the intangible asset may be impaired.

(100) If an asset is impaired, it will be written down and an impairment loss recorded. This is applicable to all asset classes with the exception of computing equipment, motor vehicles, and other plant and equipment; when these classes of assets are impaired they are retired as scrapped or written off as damaged. Assets disposed of as damaged will be reported in the Financial Statements as a loss to the University.

Recording an Impairment Loss

(101) An impairment loss is recognised immediately in profit or loss unless the asset is carried at a revalued amount. When an asset is measured at a revalued amount the impairment loss is to be treated in the same way as a revaluation decrement, i.e. offset against the asset revaluation surplus to the extent available.

(102) Following the recognition of an impairment loss, the depreciation/amortisation charge for the asset is to be adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversing an Impairment Loss

(103) An impairment loss can be reversed for all assets other than goodwill.

(104) At each reporting date, an agency must assess whether there is any indication that a previously recognised impairment loss may no longer exist, or may have decreased. If an indication exists, the agency must again determine recoverable amount.

(105) An impairment loss can only be reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised, i.e.:

- a. A change in the basis for recoverable amount (i.e. whether recoverable amount is based on fair value less costs to sell or value in use);
- b. If recoverable amount was based on value in use, a change in the amount or timing of estimated future cash flows, or in the discount rate; or
- c. If recoverable amount was based on fair value less costs to sell, a change in estimate of the components of fair value less costs to sell.

(106) In reversing an impairment loss the same rules apply as to those when impairment losses are initially recognised, in that the reversal is recognised immediately in profit and loss, unless the asset is carried at a revalued amount in which case the reversal is treated as a revaluation increase.

(107) When reversing the impairment loss of an individual asset the increased carrying amount must not exceed the carrying amount that would have been determined had no impairment loss been recognised. As a result, agencies must ensure that they maintain a record of the value of the asset exclusive of the impairment loss.

Part F - Held for Sale

(108) Non-current assets should be classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use in accordance with AASB5 Non-current Assets Held for Sale and Discontinued Operations.

(109) In order to be classified as held for sale, an asset must be available for immediate sale in its present condition and the sale must be highly probable and expected to occur within one year.

(110) An asset classified as held for sale should be measured at the lower of its carrying amount and fair value less costs to sell.

(111) An asset ceases to be classified as held for sale if it no longer meets the criteria to be classified as held for sale. The asset should then be measured at the lower of its carrying amount before it was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset not been classified as held for sale, and its recoverable amount at the date of the decision not to sell.

Part G - Derecognition

(112) The processes governing the disposal of assets covered under this Procedure do not have any application in respect of the following:

- a. Infrastructure and land improvements, these disposals are rare and will be taken up in the next comprehensive revaluation.
- b. Motor vehicles, which are to be disposed of by Fleet Services.
- c. Equipment purchased under a research grant where the body providing the funds specifies particular procedures to be followed.

(113) The carrying amount of an asset covered under this Procedure is derecognised upon disposal, when the item is no longer in the physical possession of the University, or when no future economic benefits are expected from the

continued use or disposal of the asset. An asset cannot be derecognised merely because its depreciated value is less than the recognition threshold, or it is in storage and not being used.

(114) When an asset is sold and its selling price varies from the carrying amount (adjusted for depreciation and any impairments for the period between the beginning of the financial year and the date of sale), a gain or loss occurs which must be recognised in profit or loss.

(115) If an asset is scrapped for no consideration before it is fully depreciated the carrying amount of the asset i.e. the gross asset value less its accumulated depreciation and accumulated impairment losses, represents a loss on disposal that must be expensed.

(116) When equipment that is registered in the Asset Management module of UniFi is either sold or transferred at no cost by one organisational unit to another, it is not retired from the system. These transactions merely represent transfers between organisational units as the equipment at all times remains in the possession of the University.

(117) Organisational units should ensure that sufficient information is retained in their records regarding the process undertaken to dispose of its assets. This documentation should be available for perusal by Internal Audit and/or External Auditors, upon request.

(118) University data and software should be removed from all computer equipment prior to disposal.

Donated to Body/Individual External to the University

(119) When contemplating donating equipment, the Head of the organisational unit must determine that the equipment is no longer of use to their unit, or any other unit in the University, or is unlikely to be so in the future.

(120) When considering the donation of equipment to external bodies/individuals, staff must adhere to the principles of the University's [Code of Conduct](#).

(121) It is not expected that University equipment would be donated to current or past employees or students irrespective of how its purchase was funded.

(122) Organisational units should be aware that the donation of equipment to past, current or future employees may incur a fringe benefit cost. Organisational units should contact the Taxation Unit within FBS for further information.

(123) After physical possession of the equipment has passed from the organisational unit (the donor) to the recipient, the equipment is to be retired from the Asset Management module.

Traded-in

(124) Special procedures apply where the purchase of an asset involves a trade in. In order for the trade-in to be recognised, organisational units must ensure that the tax invoice from the supplier itemises the details of the trade-in including the trade-in value of the traded-in asset and the value of the new asset. The organisational unit must also ensure that the GST treatment is appropriate.

Responsibilities

(125) Where it is possible to arrange a trade-in of existing equipment and the trade-in price is assessed by the Head of the organisational unit to be the most advantageous price for the University, this shall be an acceptable method of disposal.

(126) The decision to trade-in is to be made bearing in mind:

- a. possible delays in disposal by other means;

- b. difficulties in finding another purchaser; and
- c. any special purchase price on new equipment offered by the supplier.

(127) All trade-ins must be approved by the Head of Organisational Unit concerned.

(128) The trade-in amount, whether deducted from the purchase price of the new equipment or received separately by way of a supplier's credit note, should be recorded separately in the General Ledger.

(129) Items recorded on the Asset Management module that are traded-in are to be retired from that system.

Process

(130) The following steps should be taken to facilitate a trade-in:

- a. Agree with the supplier in writing that they will provide a RCTI.
- b. Ensure that the supplier clearly highlights the old item and its trade-in value on the invoice as well as the full purchase price of the new item.
- c. Raise a requisition/purchase order to the appropriate expenditure category for the new item and its full purchase price.
- d. Upon receipt of the reduced cost invoice, Accounts Payable will apply the difference (proceeds for trade-in) to account 155999, allocating the GST as per the RCTI.
- e. Submit an [Asset Disposal Form](#) to the Assets Unit within FBS – select “Trade-In” as the Asset Disposal Type.
- f. Transaction details for the proceeds of trade-in should be provided to the Assets Unit within FBS on the [Asset Disposal Form](#).

Sold to Body/Individual External to the University

General

(131) When considering the sale of equipment to external bodies/individuals, staff must adhere to the principles of the University's [Code of Conduct](#).

(132) Equipment should be sold for a price at least equivalent to the fair market value.

(133) The costs of advertising, auctioning and any other costs associated with the sale of equipment shall be charged against the appropriate organisational unit account using the relevant expense account, and the GST on the costs of sale is to be recognised in the organisational unit's GST clearing account.

(134) For disposal by sale, the following general conditions shall apply and the purchaser shall be advised of them prior to the sale:

- a. Inspection - The equipment shall be available for inspection by interested parties prior to purchase. Purchasers shall be aware that they purchase the goods at their own risk.
- b. No Warranty Given - No warranty shall be given as to the quality of the equipment, or as to its fitness for any particular purpose, and, notwithstanding any representations made in respect of the equipment, it shall be advertised to be sold as and where it lies with all faults and with all errors and misstatements of description, measurement, quality or otherwise and the purchaser shall have no claim against the University in respect of any such faults, errors or misstatements.
- c. Notwithstanding the above, all items offered for sale must be in a safe-to-use condition.
- d. Payment - Payment for the equipment is to be made to the University before removal from the University.
- e. Delivery - Unless otherwise agreed, delivery of the equipment shall be effected by the removal of the equipment by and at the expense of the purchaser at the time and from the place specified by the University.

- f. Property and Risk - The property and risk in the equipment purchased shall pass to the purchaser immediately upon payment being made for the equipment.

(135) Items recorded in the Asset Management module that are sold to a body/individual external to the University are to be retired from that system.

GST on sale of University Assets (As Second Hand Goods)

(136) Refer to the UQ [GST Guide](#) in the Taxation Section of the FBS Website for the GST treatment on the sale of University assets.

(137) Organisational units should be aware that there are specific GST issues relating to the sale of equipment to staff members. To minimise any potential GST issues it is important that the sale price of any item of University equipment sold to a staff member or an associate of a staff member be at least equivalent to the fair market value.

(138) Organisational units should ensure that supporting documentation regarding the process undertaken to dispose of its assets (including the assessment of fair market value), is retained in the unit's records.

Proceeds of External Sale

(139) All money received as proceeds from the external sale of equipment is to be paid via an approved payment method as advised on the invoice or by credit card using [UQPay](#).

Sold Internally

(140) Such transactions are not recorded in the Asset Management module as either additions or retirements of equipment. In terms of the Asset Management module, they are reflected as a change in organisational unit code.

Scrapped

(141) The Head of Organisational Unit is responsible for ensuring that the disposal of equipment by scrapping (including destruction and dumping) is carried out.

(142) After, in the case of dumping, physical possession of the equipment has passed from the organisational unit, the equipment has been cannibalised for spare parts, or the equipment has been destroyed, the equipment is to be retired from the Asset Management module.

Returned to the Supplier

(143) Where equipment previously recorded in the Asset Management module is returned to the supplier, the equipment is to be retired from the system.

(144) Any refund arising from the return of equipment due to unsuitability, etc., is to be credited against the General Ledger account(s) from which the equipment was originally purchased.

(145) Where the credit received for goods returned is less than the amount originally paid a General Ledger Journal is required to transfer the shortfall from the original General Ledger equipment account to a more appropriate expenditure account.

Damaged

(146) Equipment that has been damaged beyond repair is to be retired from the Asset Management module.

Stolen

(147) Equipment that is lost or stolen is to be retired from the Asset Management module.

(148) Information relating to items that are lost or stolen should be retained to assist in assessing the effectiveness of the area's control of assets as well as identifying any emerging trends. This information can be reinstated on the Asset Management module of UniFi if the items are recovered.

Missing Assets

(149) An asset should only be marked as missing as part of the stocktake process if it cannot be located after a thorough investigation has been undertaken.

(150) Assets that are recorded as missing in the stocktake will be retired from the Asset Management module in that same year.

Part H - Losses and Damages

(151) With respect to loss or damage to property, plant and equipment and portable and attractive items, refer to:

- a. [Insurance Coverage and Management of Claims Procedure](#)
- b. [Reporting of Losses Procedure](#).

(152) Both topics form part of the Policy and Procedure Library and provide guidance in dealing with lost or damaged University property.

Part I - Research Equipment

Use of Research Equipment

(153) Unless the grantor has imposed any conditions to the contrary, the Chief Investigator of a research project for which equipment has been purchased from a grant by an outside body has priority, ahead of all other persons, to use the equipment when it is required for the purposes of the project.

(154) When the project ends, the Chief Investigator does not retain a prior right. The equipment may be transferred to another organisational unit, but normally remains in the organisational unit of the Chief Investigator, where its use will be subject to the directions of the Head of the unit.

(155) For the purpose of the above paragraph, the project is normally deemed to end when the grant for the project ends. However, the Head of Organisational Unit may permit the Chief Investigator priority of use for a reasonable time thereafter to wind up the project. Where the project is to continue being supported by funds from other sources, any continuing right of access accorded to the Chief Investigator will be as determined by the Head of Organisational Unit.

Transfer of Research Equipment

(156) Where:

- a. A Chief Investigator:
 - i. Has purchased equipment from a grant by an outside body, the conditions of which state that the equipment is the property of the University; and
 - ii. During the currency of the grant resigns to take up a position at another institution with the intention of continuing the project there;

- b. The granting body has approved the transfer of the grant to the other institution; and
- c. The Chief Investigator requests approval to move the equipment to the other institution, an appropriate financial delegate authorised to approve that the item be retired from the Asset Management module will determine:
 - i. Whether the equipment can be so moved; and
 - ii. If so, whether the ownership of the equipment is to be passed to the other institution or be retained by the University.

(157) Where the ownership of the equipment is to be passed to another institution, it will pass when the equipment is removed from the University to be transported to the other institution. At this point, the asset should be retired from the Asset Management module.

(158) Where the ownership of the equipment is to be retained by the University, the location and custodian assigned to the asset should be updated directly in UniFi.

(159) Approval of the removal of equipment to another institution is subject to the following conditions:

- a. All costs of removal to the other institution will be borne by:
 - i. the grant, if the conditions of the grant so permit and funds are available for the purpose in the grant; or
 - ii. the other institution.
- b. Where the University will retain the ownership of the equipment, the other institution will also pay all costs of returning the equipment to the University when the project ends and, if so required, reinstallation at its original site.
- c. Costs of removal include the cost of any structural alterations or minor works necessary to remove the equipment from its site and, if occasion arises, to install the equipment when it is returned to its original site.
- d. Insurance:
 - i. Where the ownership of the equipment is to be passed to another institution that institution is responsible for arranging all insurance it requires to cover the equipment from the time the equipment is removed from the University.
 - ii. Where the University retains the ownership of the equipment, the University's insurance policy may cover the equipment while in transit to and from the other institution and while at that institution. Refer to the [Insurance Coverage and Management of Claims Procedure](#) regarding notification requirements.

(160) When equipment is transferred to the University, these items are treated in the same manner as donations to the University and should be recorded in the Asset Management module.

Disposal of Research Equipment

(161) University procedures for the disposal of equipment apply to all items purchased from research funds except for research equipment that, under the terms of the grant, may be disposed of only as directed by the grantor, and the revenue generated by the disposal returned to the grantor, in which case the terms of the grant will apply. Such equipment is not to be recorded in the Asset Management module.

(162) Where the University's procedures apply, the application of revenue shall be in accordance with the following principles:

- a. When the research grant was a block grant to an organisational unit, the revenue shall be available to that unit.
- b. When the research grant was for a specific project, the revenue shall be available to the organisational unit of which the Chief Investigator is a member.
- c. In any case where, because of:

- i. The involvement of Joint Chief Investigators drawn from two or more organisational units;
- ii. The transfer of a Chief Investigator from one organisational unit to another between the time of purchase and time of disposal of the equipment; or
- iii. Any other reason it appears to the applicable Deputy Vice-Chancellor that more than one organisational unit is entitled to share the revenue,

(163) The revenue shall be apportioned between those units in such shares as the Deputy Vice-Chancellor determines after consultation with the Chief Investigator and Heads of Organisational Units concerned.

Part J - Loans

Inward Loan, Hire and Testing

(164) Equipment received on loan, on hire, for testing or for other temporary use is not to be recorded in the Asset Management module of UniFi.

(165) Where the loan arrangement stipulates that the University is liable for the loan item(s), the Insurance Office is to be contacted prior to the acceptance of delivery of the item(s).

(166) This section does not apply to equipment that falls under the definition of leased assets.

Outward Loan, Hire and Repair

(167) All loans and hiring of equipment must be approved by the Head of the organisational unit.

(168) Where appropriate, the Head of Organisational Unit shall require that a formal agreement be prepared covering the lending of equipment to third parties. A formal agreement is to be prepared in all cases relating to the hiring of equipment. All formal agreements, prior to signing, should be forwarded to Legal Services to ensure that the University is adequately protected.

(169) In all cases of lending and hiring, a written acknowledgment is to be obtained from the borrower or hirer confirming that the equipment has been received in good order and condition.

(170) Refer to the [Insurance Coverage and Management of Claims Procedure](#) regarding notification requirements in respect of all equipment that is going to be transported to and from the University.

(171) Persons taking equipment off campus should be reminded that it is a requirement of the University insurer that all reasonable precautions must be taken to prevent loss, destruction or damage to University property.

Section 4 - Roles, Responsibilities and Accountabilities

Finance and Business Services

(172) The Chief Financial Officer would normally receive authority from the authorising party in respect of transactions involving land and buildings.

(173) The Associate Director, Corporate Finance, must be notified of the existence and nature of any intangible assets which come into existence or are in the process of being developed.

(174) Corporate Finance within FBS maintains an asset register, for accounting purposes, for each of the assets

classes that falls under this Procedures.

Property and Facilities Division

(175) Property and Facilities Division will keep a record of the quantities held of various infrastructure and land improvement elements.

(176) Progressively during the year, Property and Facilities Division will provide Corporate Finance with details of:

- a. the purchase and completion of buildings, infrastructure and land improvements;
- b. construction of buildings, infrastructure and land improvements;
- c. capital improvements to buildings, infrastructure and land improvements; and
- d. the disposal and demolition of buildings.

(177) In addition, Property and Facilities Division will provide details of any buildings donated to the University annually, upon request.

Organisational Units

(178) The Head of each organisational unit is responsible for safeguarding assets directly under their control and for ensuring that the University's procedures in respect of those assets are carried out promptly and effectively.

(179) Where an organisational unit issues assets to employees for their specific use, they should have appropriate systems in place to ensure that all items issued are returned (or accounted for) on or before the employee's last day. Ideally, this should be integrated with formal employee exit procedures.

Museum Registrars

(180) New items are to be entered on the museum catalogue immediately upon receipt.

(181) Proper precautions are to be taken to ensure the protection of items from fire, theft, damage and deterioration. Appropriate arrangements are to be made to control access to the collection, particularly outside normal hours.

Section 5 - Monitoring, Review and Assurance

Stocktake

(182) The University, under State Government legislation, is required to verify the existence of all assets held by the University on a regular basis. Assets refers to all items of plant and equipment and portable and attractive items.

(183) The stocktake provides an opportunity to review asset holdings. Stocktakes are the mechanism that assists the University in confirming the existence of and proper control over assets. Stocktakes also ensure that organisational units are accountable for the assets under their control and assists them to:

- a. identify any obsolete or unused assets not already disposed of during the year.
- b. identify items that have been lost or stolen and, where possible, recover them.
- c. assess the effectiveness of control practices for assets and, where required, improve them.

(184) Corporate Finance within FBS has responsibility for ensuring stocktakes occur. Corporate Finance acts in a co-ordination role. This includes document preparation, monitoring of compliance and analysing stocktake results.

Frequency of Stocktakes

(185) The University of Queensland has mandated a practice of undertaking physical stocktakes of plant and equipment and portable and attractive items on a biennial cycle.

(186) All organisational units are notified biennially by Corporate Finance within FBS of the need to undertake a stocktake.

Responsibility for the Stocktake

(187) All Heads of Organisational Unit are responsible for ensuring that their unit performs the stocktake.

(188) Where practical, the stocktake should be conducted by two or more nominated responsible officers, at least one of whom does not control or maintain the organisational unit Asset Register.

Process

(189) Each asset listed is to be physically sighted with the exception of assets that are detected remotely over the network using asset verification software. Assets that have logged on to the network in the two months preceding the organisational unit's stocktake are considered to be sighted. All assets sighted are to be noted.

(190) Assets that are unable to be located after a thorough investigation are considered to be missing and will be removed from the Asset Register.

(191) Comprehensive stocktake procedures are available on Blackboard.

Results of Stocktake

(192) Stocktake certificates are to be signed and dated by the persons performing the stocktake.

(193) After completion of the stocktake, the stocktake certificate must be authorised by the Head of the relevant organisational unit and forwarded to the Assets Unit within FBS.

(194) The results of each stocktake must be provided to the Head of Organisational Unit. The Head of Organisational Unit should then address any significant issues of concern.

Section 6 - Recording and Reporting

(195) All assets that fall under this Procedure must be recorded on an asset register.

(196) A separate register is maintained for each asset class.

Museum Collection Items

(197) All items comprising a collection, excluding those received on loan, will be recorded on a catalogue maintained by the museum concerned and, where practical, be marked with a reference number to enable individual identification. The catalogue will preferably be typed or where available, maintained on a computer database system. The catalogue will be readily available for examination by Corporate Finance within FBS, Internal Audit and the External Auditor, upon request.

(198) As minimum requirements, the catalogue will record the following particulars with respect to each individual item:

- a. A detailed description of the item.

- b. The date of purchase or procurement.
- c. The means of acquisition (i.e. purchased, donated or collected by staff/students).
- d. The name of the seller/donor/collector.
- e. The original cost or, if donated/collected, the replacement value at the time of procurement.
- f. The reference number.
- g. The location of safekeeping, for example museum, other premises or safe.

Plant and Equipment and Portable and Attractive Items

(199) All equipment that meets the definition of plant and equipment or portable and attractive is to be recorded in the Asset Management module of UniFi when it is:

- a. Purchased from an external supplier.
- b. Purchased internally through Information Technology Services or other University formal inventory holding.
- c. Constructed internally by an organisational unit of the University.
- d. Donated to the University by an external party (including University companies).

(200) Equipment is not to be recorded in the Asset Management module where:

- a. Equipment does not meet the definition of plant and equipment or portable and attractive.
- b. Equipment is purchased for use by outside organisations such as Co-operative Research Centres.
- c. Equipment purchased in accordance with research or other grants or contracts (refer to individual agreements), remains the property of the granting or contracting entity, or is used by overseas or other organisations.
- d. Equipment already registered in the Asset Management module is re-sold internally.
- e. Equipment already registered in the Asset Management module is transferred internally for no charge.

(201) Where a number of payments (for example deposit, instalments, and exchange rate adjustments) are made in respect of an item of equipment, each individual payment is to be recorded using the same Asset ID.

(202) The Asset Management module of UniFi must include the following information for each item:

- a. Tag number;
- b. Responsible area (e.g. organisational unit);
- c. Description (e.g. model, serial ID, asset profile);
- d. Location or custodian;
- e. Purchase date;
- f. Purchase cost (or equivalent).

(203) Where equipment is purchased from an external supplier, it is to be recorded in conjunction with creating and receipting the purchase order using the UniFi eProcurement and Purchasing modules and processing the invoice using the UniFi Payables module. In such cases, the Asset Management module is automatically updated based on the information transferred from the eProcurement, Purchasing and Payables modules.

(204) Where equipment is to be constructed internally costs will be recorded against a project code and the asset will be capitalised when completed.

Section 7 - Appendix

Definitions

Term	Definition
Acquisition	The purchase, construction and improvement of the asset.
Amortisation	The systematic allocation of the depreciable amount of an intangible asset over its useful life.
Asset	An item, tangible or intangible, which is controlled by the University as a result of a past transaction or event and from which future economic benefits are expected to flow to the University.
ChartField	a UniFi term used to describe accounting segments in a multi-dimensional Chart of Accounts.
Depreciation	The systematic allocation of the depreciable amount of an asset over its useful life.
Depreciable amount	The cost of an asset, or other amount substituted for its cost, less its residual value.
Fair Value	The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
Impairment Loss	The amount by which the carrying amount of an asset exceeds its recoverable amount.
Interim Revaluation	An incremental valuation of the asset undertaken using indexation or other reliable method.
Recipient Created Tax Invoice (RCTI)	A tax invoice that is issued by the purchaser of the goods and/or services rather than the seller, whereby the purchaser meets the criteria as prescribed by the ATO.
Revaluation	A formal valuation of the asset undertaken by a competent valuer.
Stocktake	The comparison of property, plant and equipment on hand to the Asset Register.
Trade-In	Occurs whereby the item has been traded in to a body/individual external to the University.

External Reporting Requirements

(205) This Procedure are guided by provisions outlined in the following:

- a. [Financial and Performance Management Standard 2009](#)
- b. Non-Current Asset Policies for the Queensland Public Sector
- c. [Australian Accounting Standards](#)
- d. AASB Framework for the Preparation and Presentation of Financial Statements
- e. AASB 5 Non-Current Assets Held for Sale and Discontinued Operations
- f. AASB 16 Leases
- g. AASB 116 Property, Plant and Equipment
- h. AASB 136 Impairment of Assets
- i. AASB 138 Intangible Assets.

Status and Details

Status	Current
Effective Date	1st January 2025
Review Date	19th July 2027
Approval Authority	Manager, Governance
Approval Date	14th September 2024
Expiry Date	Not Applicable
Policy Owner	Gail Jukes Chief Financial Officer
Enquiries Contact	Finance and Business Services