

Policy 4.3 Finance
Assets

Capitalisation and Depreciation of Non-Current

Legislative Reference/s

Western Australian Local Government Accounting Manual AASB 116 Property, Plant and Equipment.
Local Government (Financial Management) Regulations 1996, 4(1)
Shire of Cranbrook Corporate Business Plan 2021-2025
Shire of Cranbrook Strategic Community Plan 2021-2031
Shire of Cranbrook Strategic Resource Plan 2017-2032

Date Proposed/Adopted

19 February 2014

Motion Number

14022014

Reviewed and Amended	19 October 2022
Reviewed and Amended	10 April 2023

This policy supports the delivery of the Shire of Cranbrook Vision

That the Shire of Cranbrook is a proactive, sustainable, safe, friendly and prosperous place to be

PURPOSE

This policy is to provide guidelines for the capitalisation, depreciation and valuation of Shire assets.

POLICY STATEMENT

Capitalisation of Assets

Assets purchased or constructed to the value of \$5,000 or greater are to be capitalised, placed on the asset register, and depreciated over the useful life as determined by this policy for the relevant class of asset.

Any assets with a value under \$5,000, except for land, are to be expensed in the year of purchase and placed on the minor assets register.

Depreciation of Assets

Non-current assets are depreciated on a straight-line basis over the individual asset's useful life from the date of acquisition or, in respect of internally constructed assets, from the time the asset is completed and held ready for use. Asset residual values and useful lives are reviewed and adjusted if appropriate at the end of each reporting period, also having consideration for external factors that may affect residual value such as those seen during the Covid-19 pandemic, environmental disasters, or international armed conflicts.

Major depreciation periods are:

Land	Not Depreciated
Buildings	30 - 60 years
Furniture and Equipment	3 - 15 years
Plant and Equipment	1 - 15 years

Infrastructure

Sealed Roads

- Formation Not Depreciated
- Pavement 45 - 55 years
- Bituminous Seal 20 – 25 years
- Asphalt Surface 25 – 30 years

Gravel Roads

- Formation Not Depreciated
- Pavement 20 – 40 years

Formed Roads (Unsealed)

- Formation Not Depreciated
- Pavement 20 – 40 years

Footpaths 25 – 45 years

Other Infrastructure 30 - 50 years

Car Parks 30 - 50 years

Drainage 60 - 80 years

Bridges 50 - 60 years

Landfill Sites

- Make good costs 7 – 30 years

Valuation of Assets

Assets are to be recognised in accordance with AASB 116 and the *Local Government (Financial Management) Regulations 1996* and will be recorded at fair value in accordance with AASB 13. Assets not required to be recognised at fair value are to be recorded at historical cost, or where previously recognised at fair value prior to changes in the regulatory environment are to be recognised under the previous valuation method, until disposed of.

Revaluation Threshold

Revaluation threshold provides for assets with a written down value of greater than \$5,000 to require revaluation. While only a portion of the total asset class is comprehensively inspected and revalued, the entire asset class is deemed to be revalued at fair value because the final result is not materially incorrect.

The minimum threshold is consistent with the Local Government (Financial Management) Regulations 1996.

PROCEDURE ASSOCIATED WITH THIS POLICY

Nil.

ROLES AND RESPONSIBILITIES

Elected Members

- Review rates annually.

Manager Finance and Administration

Ensure compliance with the policy.