

REVALUATION OF NON-CURRENT ASSETS GENERAL POLICY

Intent

To define Douglas Shire Council's policy in relation to the revaluation of non-current assets.

Scope

This policy applies to tangible non-current assets held by Douglas Shire Council.

Reference

Other

Australian Accounting Standards issued by the Australian Accounting Standards Board (AASB)

Provisions

The following outlines Council's application of Australian Accounting Standards AASB 13 Fair Value Measurement and AASB 116 Property Plant and Equipment in relation to the revaluation of its non-current assets.

Principles

AASB 116 Property Plant and Equipment requires the application of either the cost model or revaluation model to each class of asset held. Council measures plant and equipment, office furniture and fittings, other assets and work in progress at cost and all other asset classes at revaluation. Further detail is provided in Appendix 1.

The revaluation model requires assets to be revalued with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Comprehensive revaluations are conducted at least every five years on a rolling basis in accordance with Council's asset revaluation schedule.

In the intervening periods consideration will be given to the application of indices for individual asset classes based on a desktop assessment of the likely material movement in fair values. Indexation will be applied if the cumulative change in the indexation rate is 5% or greater (either positive or negative). Any non-material changes (i.e. less than a 5% cumulative change) will not be accounted for each year.

In accordance with the requirements of AASB 13 Fair Value Measurement, movements between the levels of the fair value hierarchy will be recognised on the last day of the relevant year.

The annual revaluation results are included as part of the approval process for the annual financial statements.

Related Documents

This policy is to be used in conjunction with Council's:

- Asset Capitalisation General Policy
 - Asset Revaluation Schedule
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This policy is to remain in force until otherwise determined by Council.

Manager Responsible for Review: Chief Financial Officer

ORIGINALLY ADOPTED: 16/06/2015

CURRENT ADOPTION: 18/06/2019

DUE FOR REVISION: 30/06/2023

Appendix 1 – Application of Cost and Revaluation Models

Asset class	Revaluation method	Valuation method
Land and land improvements	Revaluation model	Freehold land – market value Crown land – not valued Land improvements – Replacement cost
Buildings and other structures	Revaluation Model	Replacement cost
Plant and equipment	Cost model	Historical cost
Office furniture and fittings	Cost model	Historical cost
Transport assets	Revaluation Model	Replacement cost
Water, Sewerage and Solid waste disposal	Revaluation Model	Replacement cost
Drainage	Revaluation Model	Replacement cost
Other assets	Cost Model	Historical cost
Work in Progress	Cost model	Historical cost