

<b>Disposal of Non-Current Assets</b>		  <b>Longreach Regional Council</b>
Policy Number:	1.20	
Policy Category:	Financial	
Authorised by:	Res-2024-12-334	
Date approved:	12 December 2024	
Review Date:	12 December 2026	

## PURPOSE

This non-current asset policy describes the framework and principles underlying the disposal of all classes of assets.

## OBJECTIVE

The objectives of this policy are:

- Ensure Longreach Regional Council (Council) complies with all relevant legislation and is closely aligned with Queensland Treasury's Non-Current Asset Policies.
- Manages its assets in a sustainable manner and for the purpose of delivering services.
- Prepares financial statements that present a fair and true representation of Council's financial position.

## LEGISLATION

Local Government Act 2009 (Act)

Local Government Regulation 2012 (Regulation)

Australian Accounting Standards

## REFERENCES

Queensland Treasury Non-Current Asset Policies (NCAP).<sup>1</sup>

Australian Accounting Standards

Council's Strategic Asset Management Plan

## DEFINITIONS

<b>Valuable non-current asset</b>	<p>As defined in the Local Government Regulations 2012:</p> <ul style="list-style-type: none"> <li>- Land; or</li> <li>- Another non-current asset that has an apparent value that is equal to or more than a limit set by the local government.</li> </ul> <p>For the purposes of this policy these limits are:</p> <ul style="list-style-type: none"> <li>- Plant and equipment \$5,000</li> <li>- Another type of non-current asset \$10,000</li> </ul>

<sup>1</sup> This policy has been derived from this document and amended to suit Council's circumstances.

## AUTHORITY TO DISPOSE

The authority to dispose of a non-current asset is determined by its value and nature. The Chief Financial Officer will set out the form in which asset disposals are requisitioned and approved.

Asset description	Authorised by	Approved methods	disposal
Land	Council	Tender or auction Another exception under LGR s236.	
Buildings/dwellings	Council	Tender or auction Another exception under LGR s236.	
Other valuable non-current assets	CEO	Tender or auction Write off Another exception under LGR s236.	
Other non-current assets	CEO, Director or equivalent	Auction Write off Donation	

## ACCOUNTING FOR NON-CURRENT ASSET DISPOSALS

### Gain or Loss on Disposals of Non-Current Assets

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 the Statement of Comprehensive Income.

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 which must be expensed. If material costs are incurred in the disposal, such expenses are to be added to the loss on disposal.

### Asset Revaluation Surplus on Disposal of Non-Current Assets

When assets sold or otherwise disposed of have been subject to a revaluation, the net increment contained in the asset revaluation surplus relating to those assets may be moved to accumulated surplus/deficit.

Any transfers from the asset revaluation surplus to accumulated surplus/deficit should be limited to the amount of the asset revaluation surplus for that class of assets and must not exceed the amount of the net revaluation increments attributable to the assets disposed of.

Asset revaluation surpluses must never have a negative (debit) balance.

### *Correction of Error*

The asset revaluation surplus must not be used to recognise assets not previously recognised due to error. These shall be treated under AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

Authorised by resolution as at 12 December 2024:



Chief Executive Officer