

Description

This policy describes the actions to record and safeguard Sydney Presbytery's assets.

This policy outlines

1. the method of depreciation and the capitalisation threshold to be used for asset accounting;
2. the valuation methodology for assets classes within the year end accounts; and
3. accounting for Constructed Assets.

Applicability

The Business Manager and custodians of Presbytery Assets.

Policy

Land and Buildings

All Land and Buildings are entrusted to Sydney Presbytery as the "Responsible Body" for that asset, as delegated by The Uniting Church in Australia Property Trust (NSW) ("Property Trust") NSW ACT.

The Property Trust is the legal owner of these assets, yet future economic benefits for the assets will flow to Sydney Presbytery. The cost or value can be measured reliably so they should be recorded on the Presbytery Balance Sheet. This aligns with the Synod's assets policy as well.

Land is to be separated from Buildings based upon a NSW Valuer General's certificate. Movement in Land values are to be adjusted via an Asset Revaluation Reserve in Equity.¹

Land is not to be depreciated.

Buildings are to be valued at the Synod Insurance value and are not to be depreciated.

This is considered best practice by the Synod Secretariat, and recommended by our External Auditors as there is no intent for the asset to be sold.

As the Presbytery does not pay income tax, no tax benefit flows; so depreciating buildings is also not recommended.

If the intended use is for continued mission, and not a sale, fluctuating values caused by market revaluations is not best practice for *not for profit* accounting.

¹ This is to be a pure equity adjustment and not follow the sophistications of AASB 116/136 which outlines additional procedures for reversing prior revaluation increments or decrements.

Any capital improvements over \$10,000 to a building are to be added to the value if these occur in between the years of a Synod valuation cycle.

Repairs and maintenance items are to be expensed.

Upon receiving a new valuation, movement in building values are to be adjusted via an Asset Revaluation Reserve in Equity.

Land and Buildings: Valuation Cycles

The table below list the Asset Classes and when revaluations should be booked within the Accounts:

Asset Class	Valuation Source	Revalue Cycle
Buildings	Property Trust Records	Annually
Land	NSW Valuer General's Listings	Every three (3) years

The policy allows for the following variations only:

1. For Purchased or Constructed Assets

The purchase price or construction cost will be the fair value recorded for these assets up to and until the Synod Insurance value exceeds this initial value.

2. For Assets intended to be sold

An independent external valuation of the Land and or Buildings being sold will be undertaken and the revaluation impact accounted for.

This should occur at a minimum of one (1) month prior to any marketing campaign.

Land and Buildings: Market Values

Market Values are important and are to be used to determine any strategic asset assessments of highest and best missional and financial use.

However, these values are not to be booked in the annual accounts, unless as outlined above.

Constructed Assets

Should the Presbytery undertake any building construction the true asset cost must be progressively recorded using a Works In Progress (WIP) accounting system.

This process is called "capitalisation of costs" and it is expected labour, materials and other expenses will be captured as part of the true cost of construction.

Other Assets

The Presbytery shall take a simple approach to accounting for **Other Assets**, being assets other than Land or Buildings.

New assets over \$10,000 are to have a unique record within the accounting system

All **Other assets** are to be expensed as incurred and in line with budgeted purchases and the expenditure policy.

Typical assets in this class are:

- Music and sound equipment
- White goods and furnishings
- Office machines and equipment
- Computer equipment and related hardware/software²

This policy will be reassessed if ever a motor vehicle is purchased.

Stocktake and Attractive Items

“Attractive Items” are often lower value but highly prized items and often portable.

Such as PCs, tablets, data projectors, laser pointers and music speakers

Though they will not be capitalized, an “Attractive Items” register is to be maintained and reviewed as part of an annual stocktake.

The stocktake is to occur before the completion of the draft annual accounts each year.

Computers and PC

Though not recorded in the financial system individually, a separate PC Lifecycle register will be maintained and reviewed each budget cycle to assist with purchasing and planning replacement stock.

Computer and PCs are

1. expected to have a minimum lifecycle of three (3) years when issued to staff.
2. to be recorded in the Attractive Items register.

² Note treatment as an Intangible Asset as per AASB138 will not followed

Loss, Theft, Destruction or Damage to an Other Asset

For all loss of assets, the custodian shall submit a comprehensive report of the loss to their Team Leader including consideration of a police report.

In all cases of theft or destruction, there is a possibility that the costs involved may be recoverable from insurance. In these cases, the circumstances should be discussed promptly with the Business Manager.

Assets located off site

Under certain circumstances, permission may be given for Presbytery assets to be located at external locations and away from the main office.

This includes permission for employees to be allocated office or other equipment at their place of residence on either a casual or a permanent basis.

The allocation of Presbytery assets for home or other use must be in recognition of an identified business need.

The Presbytery has a policy on personal use of Presbytery equipment.

Variations

The Business Manager must consult the Treasurer should any component of this policy be recommended to be waived or adjusted.

The Treasurer can approve such requests in writing.

Document Control

Update Prepared by	Ian Goff
Date issued	24 May 2022
Endorsed by	Kent Crawford and Anne Empson
Tabled	Standing Committee 28 April 2022
Version N#	.02
Edits from prior version	<ul style="list-style-type: none">• Change of policy name to be more wholistic.• Addition of year end valuation methodology.• Inclusion of new Section:<ul style="list-style-type: none">○ Constructed Assets○ Computers and PC○ Loss○ Assets located off site• Updating terms to modern references
Policy N#	F06