

FP029 – Asset Capitalisation Threshold

1. Intention

To ensure that assets created or purchased are capitalised to reflect the value that they have added and that these assets are added to Council's asset base. In addition, to ensure that the fair value of all assets are reflected in a true and fair manner in Council's annual financial statements.

2. Scope

This policy applies to Elected Members and employees of the Shire of Waroona.

3. Statement

The materiality threshold relates to a value above which assets will be created and capitalised.

The following materiality values for each class of asset is adopted:

Land	Nil
Buildings	\$5,000
Plant & Equipment	\$5,000
Furniture & Equipment	\$5,000
Infrastructure – Roads	\$10,000
Infrastructure – Footpaths	\$5,000
Infrastructure – Drainage	\$5,000
Infrastructure – Carparks	\$5,000
Infrastructure – Parks & Gardens	\$5,000
Infrastructure – Other Structures	\$5,000

Expenditure resulting in the creation of an asset less than the above respective threshold may be recorded as an operating expense and not included in the asset register.

Once an asset's written down value or fair value falls under the capitalisation threshold, the Chief Executive Officer will have the ability to dispose of that particular asset out of the (accounting) register and maintain that item through an inventory register.

A register will be maintained for all portable attractive (non-consumable) items that fall below the asset capitalisation threshold, which is to be reviewed periodically.

4. Legislative and Strategic Context

The *Australian Accounting Standards*, the *Local Government Act 1995* and the associated subsidiary legislation provide the broad framework within which this policy operates.

5. Review

This policy is to be reviewed triennially.

6. Associated Documents

Nil.

Division	Finance				
Policy Number	FP029				
Contact Officer	Director Corporate Services				
Related Legislation	Australian Accounting Standards Local Government Act 1995 Local Government (Financial Management) Regulations 1996				
Related Shire Documents	Nil				
Risk Rating	Low	Review Frequency	Triennially	Next Review	June 2027
Date Adopted	22/06/2004				OCM04/083

Amendments		
Date	Details of Amendment	Reference
26/10/2010	Updated as part of major review.	OCM10/10/163
22/11/2011	Updated as part of major review.	OCM11/11/143
25/06/2013	Updated as part of major review.	OCM13/06/049
25/10/2016	Updated as part of major review.	OCM16/10/115
26/09/2017	Amended value amounts.	OCM17/09/091
18/12/2018	Updated as part of major review.	OCM18/12/126
22/06/2021	Updated as part of major review and reformatted.	OCM21/06/071
25/06/2024	Reviewed without amendment	OCM24/06/090
Previous Policies		
FIN005 – Asset Capitalisation Threshold		
3.1.5 – Asset Capitalisation Threshold		