

ASSET ACCOUNTING POLICY

GUIDELINE 7: DISCLOSURE

Version 1.0

Location of Controlled Copies:	Electronic version is the only Controlled copy (ECM 7996682)
Document Reviewer:	N/A
Approved By:	Council
Next review date:	30/06/2022

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1.0 PURPOSE

This guideline is intended to support the Asset Accounting Policy. It provides additional information on the required annual financial statement disclosures.

2.0 GENERAL DISCLOSURES

Disclose the following in the annual financial statements for each class of property, plant and equipment:

- The measurement basis used for determining gross carrying amount.
- The depreciation/amortisation methods used.
- The useful lives or depreciation/amortisation rates used.
- The gross carrying amount and the accumulated depreciation/amortisation (aggregated with accumulated impairment losses) at the beginning and end of the period.
- For each asset class a reconciliation of the carrying amount at the beginning and end of the period showing:
 - additions and transfers from work in progress
 - vested assets
 - transfers between asset classes
 - assets classified as held for sale
 - disposals
 - increases or decreases from revaluations
 - impairment losses recognised
 - depreciation.
- The existence of amounts of restrictions on title, and property, plant and equipment pledged as securities for liabilities.
- Total expenditure recognised in the carrying amount of an item of property, plant and equipment in the course of its construction.
- The amount of contractual commitments for the acquisition of property, plant and equipment.
- The amount received from third parties for items of property, plant and equipment that were impaired, lost or given up that is included in surplus or deficit if it is not disclosed separately in the Statement of comprehensive revenue and expense.

3.0 REVALUATION DISCLOSURES

When there is a revaluation of property, plant and equipment, the following information should be disclosed:

- The effective date of the valuation.
- If used, the name of the independent valuer.
- The methods and significant assumptions applied to estimate the asset's fair values.
- The extent to which the assets' fair values were determined directly by reference to observable prices in an active market or recent market transactions on arm's length terms, or were estimated using other valuation techniques.
- The revaluation surplus, indicating the change for the period and any restrictions on the distribution of the balance shareholders or other equity holders.

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4.0 IMPAIRMENT DISCLOSURES

When there is an impairment recognised, the following information should be disclosed for each class of assets:

- The impairment losses recognised in profit or loss and the line item(s) they are included in.
- The impairment losses reversed in profit or loss and the line item(s) they are included in.
- The amount of impairment losses on revalued assets recognised in other comprehensive revenue and expense.
- The amount of reversals of impairment losses on revalued assets reversed in other comprehensive revenue and expense.

If an individual impairment loss (reversal) is material, the following information should be disclosed:

- The events and circumstances resulting in the impairment loss.
- The amount of the impairment loss or reversal.
- The nature of the asset.
- For a cash generating unit, a description and the amount of impairment loss (reversal) by class of assets and segment.
- If the recoverable amount is fair value less costs of disposal, the level of the fair value hierarchy (per NZ GAAP) within which the fair value measurement is categorised, the valuation techniques used to measure fair value less costs of disposal and the key assumptions used in the measurement of fair value measurements categorised within Level 2 and Level 3 of the fair value hierarchy (refer to [Appendix A](#)).
- If the recoverable amount has been determined on the basis of value in use, or on the basis of fair value less costs of disposal using a present value technique, disclose the discount rate.

If impairment losses recognised (reversed) are material in aggregate to the financial statements as a whole, the following information should be disclosed:

- The main classes of assets affected by impairment losses and the main events and circumstances that led to their recognition.
- Detailed information about the estimates used to measure the recoverable amounts of cash generating units containing goodwill or intangible assets with indefinite useful lives.

5.0 GUIDELINE REVIEW

The guideline is to be formally reviewed on a triennial basis in conjunction with Asset Accounting Policy review.

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APPENDIX A: FAIR VALUE DISCLOSURES

Level of input			Disclosure dependent upon Level of Valuation Input
1	2	3	
✓	✓	✓	The amounts of any transfers between Level 1 and Level 2 of the fair value hierarchy, the reasons for those transfers and Council's policy for determining when transfers between levels are deemed to have occurred. Transfers into each level shall be disclosed and discussed separately from transfers out of each level.
	✓	✓	A description of the valuation technique(s) and the inputs used in the fair value measurement. If there has been a change in valuation technique (e.g. changing from a market approach to an income approach or the use of an additional valuation technique), Council shall disclose that change and the reason(s) for making it.
		✓	The effect of the measurements on profit or loss or other comprehensive income for the period.
		✓	A reconciliation from the opening balances to the closing balances, disclosing separately changes during the period attributable to the following: <ul style="list-style-type: none"> total gains or losses for the period recognised in profit or loss (at line item level) total gains or losses for the period recognised in other comprehensive income (at line item level) purchases, sales, issues and settlements the amounts of any transfers into or out of Level 3, the reasons for those transfers and the entity's policy for determining when transfers between levels are deemed to have occurred. Transfers into Level 3 shall be disclosed and discussed separately from transfers out of Level 3.
		✓	A description of the valuation processes used by Council.
		✓	If the highest and best use of an asset differs from its current use, disclose that fact and why the asset is being used in a manner that differs from its highest and best use.