Tangible and Intangible Capital Asset Management Policy

Section 1 - Purpose

(1) The purpose of this policy is to establish the requirements for the management of the University of Newcastle's (University) property, plant and equipment (PPE) and intangible assets.

Section 2 - Scope

(2) This Policy applies to the following assets that meet the recognition threshold outlined in this policy, irrespective of the source of funding for the asset:

a. property, plant and equipment;
b. intangible assets;
c. right-of-use assets; and
d. portable and attractive items.

(3) This Policy does not apply to:

a. assets (other than portable and attractive items) that do not meet the recognition threshold outlined in this policy, as these assets are expensed in the year of their purchase.

(4) This Policy does not apply to decisions on whether or not an asset should be acquired. The Portfolio Resource Allocation Committee (PRAC) is responsible for applying the Portfolio Management Framework and making decisions on strategic project activities. Purchasing of assets must also be in accordance with the Procurement Policy and its associated documents, where relevant.

Recognition Threshold

(5) The University will only capitalise assets where the asset has a cost of $10,000 or more, or $1,000 or more for intellectual property assets.

Section 3 - Audience

(6) This Policy should be read and understood by University staff who are involved in the custodianship, management and disposal of University assets.

Section 4 - Definitions

(7) In the context of this document the following definitions apply:

Defined Term	Meaning
Capital asset	A capital asset is a significant asset, typically constructed (such as a building) and is expected to be in use over a long period of time.
Carrying amount	As defined by AASB116 a carrying amount is the amount at which an asset is recognised after deducting any accumulated depreciation and accumulated impairment losses.
Depreciation	The allocation of an asset's purchase cost over its useful life, roughly corresponding to normal wear and tear, expensed to the profit and loss.
Fair value	The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
Historical cost	The original cost of the asset as recorded in the asset register.
Impairment loss	As defined by AASB116, this is the amount by which the carrying amount of an asset exceeds its recoverable amount.
Intangible assets	As defined by AASB138 intangible assets are identifiable non-monetary assets without physical substance.
Non-current asset	An asset (including PPE), subject to depreciation or amortisation, that is expected to be in use by the University for more than 12 months.
Non-financial assets	Assets which are not traded on financial markets, rather its value is derived from its physical characteristics.
Tangible assets	Tangible assets are assets with a physical presence such as land, buildings, infrastructure, plant, equipment, fixtures and fittings, motor vehicles and works of art.
Portable and attractive items	Portable and attractive items are tangible items, with value in private use, that have a value of $1,000 or more (exclusive of GST) but less than $10,000 (exclusive of GST). Examples may include power tools, computers (laptop or desktop), audio visual equipment, portable research equipment cameras, mobile phones and tablets.
Property, Plant and Equipment (PPE)	As defined by AASB116 property, plant and equipment are tangible items that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and are expected to be used during more than one period.
Recoverable amount	As defined by AASB116 this is the higher amount when considering an assets fair value less costs to sell, and its value in use.
Straight line method	A method of calculating and applying depreciation at a constant rate across the life of the asset.
Work in progress	Comprising tangible and intangible PPE assets under ‘construction’ and not yet ready for use.

Section 5 - Asset Value

(8) Capital assets that qualify for recognition as an asset will be measured at cost. Where an asset is donated at nil or nominal cost to the University the cost is deemed as its fair value as at the date of acquisition.

(9) Individual items of equipment that do not meet the recognition threshold are to be treated as an expense in the year of acquisition.

(10) Capital projects that involve the purchase of multiple capital items (sub-group of capital assets) that are required to work together to achieve expected benefits, will be capitalised. This will occur regardless of the cost of the individual items as long as the value of the sub-group of assets exceeds $10,000.

Section 6 - Work in Progress

(11) During the development phase of capital projects, such as building projects and complex IT projects, expenditure will accumulate as a work in progress asset. Depreciation will not be recognised until the asset is commissioned.

Section 7 - Valuation

(12) The University engages professional valuers to perform valuations for:

a. statutory account valuations to satisfy requirements for AASB 116 Property, Plant and Equipment; and
b. insurance renewals.

(13) The University measures land, building and infrastructure (LB&I) assets at fair value, based on an annual valuation by external independent valuers. The University uses annual desktop valuations, and full valuations every 5 years.

(14) The University measures all other PPE and intangible assets at historical cost, less depreciation and any accumulated impairment losses.

(15) The University obtains insurance valuations based on replacement values for PPE and intangible assets to ensure the adequate cover is obtained should an insurable event occur.

Section 8 - Impairment

(16) The University assesses all non-current assets annually to identify indicators that an asset may be impaired.

(17) Where indicators of impairment are present, the University will make an estimate of the recoverable amount and the appropriate adjustments, as required by Australian Accounting Standard AASB 136 Impairment of Assets.

Section 9 - Depreciation

(18) The depreciable amount of a capital asset will be allocated on a systematic basis over its useful life using the straight line method. Depreciation of an asset begins when it is available for use, that is, when it is located and commissioned and capable of being operated in the manner intended. Depreciation expenditure for tangible and intangible assets is recognised centrally with the exception of some research and restricted fund type assets.

(19) A review of the depreciation rate for each class of asset will be performed on an annual basis.

(20) Each part of an item of a capital asset, with a cost that is significant in relation to the total cost of the items, will be depreciated separately. A significant item is deemed to be the greater of either 50% of the cost of the item, or $50,000.

(21) The University uses the following depreciation bands for its asset classes:

Asset	Depreciation Band
Land	Not depreciated
Buildings	20 to 60 years
Infrastructure	20 to 60 years
Plant and Equipment	2 to 40 years
Intellectual Property	2 to 22 years
Computer Software	2 to 7 years

Rare Books and Artworks

(22) The University's collection of rare books and artworks are not depreciated due to the unique nature of the collections.

Section 10 - Disposal and Write-Off

(23) The University is required to ensure that assets that are surplus to its requirements are disposed of in a manner that promotes obtaining best value for money, accountability, fairness and impartiality; and is in accordance with the Disclosure of Interest Policy and associated documents.

(24) Asset disposal, regardless of the method of disposal, must be approved in accordance with delegations of authority and the asset disposal procedures.

Held for Sale Assets

(25) Non-current assets may be held for sale if their value can be recovered principally through a sale transaction rather than through continuing its use. (Refer to Australian Accounting Standard AASB 5 Non-Current Assets Held for Sale and Discontinued Operations).

Section 11 - Stocktake and Verification

(26) Proper stocktake and verification procedures ensure the accuracy of the Asset Register by allowing data to be verified, and any discrepancies to be adjusted. The University will complete stocktakes and verification of assets on a cyclical basis.

Section 12 - Donated Assets

(27) The University accepts donated non-financial assets (i.e. land, buildings, plant and equipment, artworks and rare books) in line with the Donation Acceptance, Management and Fundraising Policy. Where non-financial assets donated to the University meet the recognition threshold, Financial Services must be notified of the donation and the asset must be included on the Asset Register and managed in accordance with this Policy.

Section 13 - Portable and Attractive Assets

(28) Because of their susceptibility to loss or theft, portable and attractive items will be recorded as a separate class of assets in a register for physical control purposes, but will be recognised as expenditure in the University's financial statements in the year of purchase.

Section 14 - Right-of-Use Assets

(29) The University recognises material right-of-use assets (i.e. a cost of $10,000 or more) with a lease term of greater than 12 months as right-of-use assets as required by AASB16 Leases.

(30) Right-of-use assets are depreciated based on the lease’s term using the straight line method.

Status and Details

Status	Current
Effective Date	25th November 2025
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Approval Authority	University Secretary
Approval Date	25th November 2025
Expiry Date	Not Applicable
Responsible Executive	Michael Di Rienzo Chief Financial Officer
Enquiries Contact	Faye Liu Associate Director, Corporate Accounting and Treasury Financial Services

Glossary Terms and Definitions

"University" - The University of Newcastle, a body corporate established under sections 4 and 5 of the University of Newcastle Act 1989.

"Asset" - Any tangible or intangible item (or group of items) that the University owns or has a legal or other right to control and exploit to obtain financial or other economic benefits.

"Intellectual property" - Intellectual property (IP), as defined by the World Intellectual Property Organisation, refers to creations of the mind: inventions; literary and artistic works; and symbols, names and images used in commerce. Intellectual property is divided into two categories: Industrial property includes patents for inventions, trademarks, industrial designs and geographical indications; and Copyright covers literary works (such as novels, poems and plays), films, music, artistic works (e.g. drawings, paintings, photographs and sculptures) and architectural design. Rights related to copyright include those of performing artists in their performances, producers of phonograms in their recordings, and broadcasters in their radio and television programs.

"Research" - As defined in the Australian Code for the Responsible Conduct of Research, or any replacing Code or document.

"Staff" - Means a person who was at the relevant time employed by the University and includes professional and academic staff of the University, by contract or ongoing, as well as conjoint staff but does not include visitors to the University.

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