

ASSET DISPOSAL AND WRITE DOWN POLICY

Section	University Services
Contact	CFO, Finance
Last Review	June 2024
Next Review	June 2029
Approval	FAC 24/21

Purpose:

The purpose of this policy is:

- To ensure assets are sold at a fair market price and the disposal of assets is conducted in an efficient, effective, transparent, and adequately documented and approved manner that is compliant with legislation.
- To ensure assets sold or otherwise disposed of are correctly removed from the fixed assets register, balance sheet and insurance schedules.
- To ensure that any write downs are in accordance with accounting policies and are adequately authorised.

Definitions:

Asset: includes, but may not be limited to equity investments, equipment, furniture and fittings, library collections, artworks, software, intangibles, vehicles, consumables, land, and buildings for which the University may have legal title. Assets also include Crown owned land and buildings used by Massey University.

For this policy, Assets specifically exclude cash and cash equivalents and debtors.

Disposal: the sale, demolition, alienating, gifting, or recycling of assets owned by the University, or the disposal of assets declared surplus to university requirements. Disposal includes the taking of assets by a staff member when leaving employment with Massey.

Write down: Refers to a situation where an asset's carrying amount in the balance sheet is considered to be higher than its recoverable amount and therefore needs to be written down to its recoverable amount.

Policy:

The following applies:

- To ensure compliance with university accounting policies and financial reporting standards:
 - Finance must be advised of all asset disposals where the original purchase cost of the asset exceeded \$2,000 or the asset is recorded on the University's central fixed assets register.
 - Proceeds from the sales of assets must be correctly and expediently recorded in the University's finance system (Ci Anywhere). The gain or loss on sale will be transferred to the budget centre that incurred the depreciation charge, with the exception of:

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- a. a budget centre that recovers the depreciation charge via a re-charge. In this case the gain or loss on sale will be transferred to a central budget centre; or
 - b. Where the gain or loss is greater than \$50,000. In this case the treatment of the gain or loss on disposal will be determined by the DVC University Services.
- Any write downs must comply with the University's accounting policies. Contact the Chief Financial Officer (or delegates) for further information in this regard.
 - Budget centres disposing of assets should consult the Asset Financial Procedures or contact their Finance Business Partner for guidance on the financial requirements of the disposal process.
 - University property that is declared surplus to requirements must be disposed of in accordance with current law and regulations stipulated by the Secretary of Education. This approval process **must** be undertaken through consultation with the Financial Planning and Analysis team in Finance.
 - Approval of any sale, write down and/or disposal of must be obtained through the Asset Disposal Form (refer to Finance Sharepoint site). Approval thresholds are as follows:
 - All assets with a book value of \$50,000 or less – Chief Financial Officer.
 - All assets with a book value between \$50,000 and \$300,000 – DVC University Services
 - All assets with a book value between \$300,000 and \$1,000,000 – Vice Chancellor
 - All assets with a book value over \$1,000,000 – University Council
 - Prior to being offered to the market for sale, property assets should be independently valued as follows:
 - by one registered valuer where the disposal value is expected to be \$10 million or less.
 - by one registered valuer where the disposal value is expected to be between \$10 million and \$20 million as long as the potential purchaser(s) has also obtained an independent valuation from a registered valuer; and the potential purchaser(s) is willing to share that valuation. If the purchaser is not willing to share the valuation, Massey is to obtain a second valuation. If it is not possible, or is not practical to obtain a second valuation, SLT may approve the waiving of the requirement of a second valuation; and
 - or by two registered valuers if the disposal value is expected to be over \$20 million. If it is not possible, or is not practical to obtain a second valuation, the DVC University Services or Vice-Chancellor may approve the waiving of the requirement of a second valuation.
 - Assets that are declared surplus must be disposed of by public tender, auction, or by other such means as to ensure a transparent and competitive process is undertaken.
 - The division or splitting of assets to avoid the requirements of this policy is not permitted.

Audience:

All staff

Relevant Legislation:

Education and Training Act 2020 and amendments
Public Finance Act 1989
Crown Entities Act 2004

Related Procedures:

[Equipment Disposal Process and Procedures](#) (Link - [Disposing and Reallocating Equipment](#))
[Delegations of Authority Document](#) (Link - [Delegations of Authority Policy](#))
[Asset Financial Procedures](#) (Link - [Asset Financial Procedure](#))

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