

# Asset Procedure - Noncurrent Assets Held for Sale and Discontinued Accounting

## Section 1 - Background and Purpose

(1) This Procedure refers to all recognised non-current assets and all disposal groups of the University, except for those asset types listed below:

- a. deferred tax assets;
- b. assets arising from employee benefits;
- c. financial assets; non-current assets that are accounted for in accordance with the fair value model;
- d. non-current assets that are measured at fair value less estimated point-of-sale costs; and
- e. contractual rights under insurance contracts.

### Discontinued Operations

(2) A discontinued operation is a component of the Group that either has been disposed of or is classified as being held for sale.

(3) It must also:

- a. represent a separate major arm of business of the University or represent a geographical area of operations;
- b. be part of a single co-ordinated plan to dispose of a separate major line of the University or geographical area of operations;
- c. or be a controlled entity acquired exclusively with a view of resale by the University.

## Section 2 - Scope

(4) Refer to the [Accounting \(Financial\) Policy](#).

## Section 3 - Policy Statement

(5) Refer to the [Accounting \(Financial\) Policy](#).

## Section 4 - Procedures

### Part A - Recognition Criteria

(6) The University, in general terms, classifies non-current assets (or disposal groups) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case the University deems that the asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such assets (or disposal groups) and its sale

must be highly probable.

(7) For the sale to be highly probable, the appropriate level of management must be committed to a plan to sell the asset (or disposal group), and an active program to locate a buyer and complete the plan must have been initiated. Further, the asset (or disposal group) must be actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification. Events or circumstances beyond the University's control may extend the period to complete the sale beyond one year. An extension of the period required to complete a sale does not preclude an asset (or disposal group) from being classified as held for sale.

## **Part B - Measurement**

(8) The University measures any non-current asset (or disposal group) classified as held for sale at the lower of its carrying amount and fair value less costs to sell. When the sale is expected to occur beyond one year, the University should measure the costs to sell at their present value. Any increase in the present value of the costs to sell that arise due to changes in time will be presented in the income statement as a financing cost.

## **Part C - Impairment Losses and Reversals**

(9) The University recognises all impairment loss for any initial or subsequent write down of the asset (or disposal group) to fair value less costs to sell.

(10) The University recognises a gain for any subsequent increase in fair value less costs to sell of a disposal group, up to the cumulative impairment loss that has been recognised.

(11) An impairment loss recognised for a disposal group will reduce the carrying amount of the non-current assets in the University.

(12) A gain or loss not previously recognised by the date of the sale of a non-current asset shall be recognised at the date of de-recognition.

(13) There is no amortisation or depreciation of a non-current asset while it is classified as held for sale or while it is part of a disposal group classified as held for sale. The interest and other expenses attributable to the liabilities of a disposal group classed as held for sale will continue to be recognised.

## **Part D - De-Recognition of an Asset Held for Sale**

(14) If the University has classified an asset (or disposal group) as held for sale, but the recognition criteria is no longer met, then the University must cease to classify the assets as held for sale.

(15) The University shall measure a non-current asset that ceases to be classified as held for sale at the lower of either:

- a. the carrying amount before the asset was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset not been classified as held for sale, or
- b. its recoverable amount at the date of the subsequent decision not to sell.

(16) Any required adjustments to the carrying amount of a non-current asset that ceases to be classified as held for sale will be transferred to the income statement from continuing operations in the period in which the recognition criteria are no longer met.

## **Part E - Presentation**

### **Non-Current Assets Held for Sale**

(17) Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale shall be presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale shall be presented separately from other liabilities in the balance sheet.

### **Discontinued Operations**

(18) The results of discontinued operation shall be presented separately on the face of the income statements as a single amount. An analysis of the single amount and net cash flows attributable to the operating, investing and financing activities of discontinued operations shall be presented either in the notes or in the financial statements.

## **Section 5 - Definitions**

(19) For the purpose of this Procedure:

- a. Component of the University: refers to operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the University.
- b. Costs to sell: are the incremental costs directly attributable to the disposal of an asset (or disposal group), excluding finance costs and income tax expense.
- c. Disposal group: refers to a group of assets to be disposed of, by sale or otherwise, together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction. The University includes goodwill acquired in a business combination if the University is a cash-generating unit to which goodwill has been allocated in accordance with accounting standards if it is an operation within such a cash-generating unit.
- d. Fair value: is the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction.
- e. Recoverable amount: is the higher of an asset's fair value less costs to sell and its value in use.
- f. The Group: means the University and its controlled entities.
- g. The University: means La Trobe University.

## Status and Details

<b>Status</b>	Current
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