



Australian Graduate School of Leadership Policy Register

Policy name	Accounting		
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Related Documents	<ul style="list-style-type: none">• Policy – Internal Audit• Terms of Reference – Audit Committee• Policy – Fraud and Mismanagement Prevention
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1. Preamble

This document provides guidance for the appropriate accounting treatment to be used when determining AGSL's financial position and financial performance.

2. Scope

This policy applies to all AGSL employees involved in processing accounting transactions, preparing accounting reports or reading and interpreting accounting reports.

3. Principles

Compliance

AGSL complies with published accounting standards and recognised interpretations thereof as determined by the Australian Accounting Standards Board (AASB). Nothing in this policy should be construed as a substitute or replacement for published accounting standards or their recognised interpretations.

Consolidation

Consolidated financial statements are to be prepared by combining the financial statements of AGSL and all controlled entities in accordance with AASB127

“Consolidated and Separate Financial Statements” and modified by Treasurer’s Instruction 1105.

Accounting policies of subsidiaries are to be changed as required to ensure consolidated reports conform to AGSL’s accounting standards and are prepared using the same accounting period.

Revenue Recognition

Revenue from the sale of goods or services or disposal of assets is recognised when control of the good or asset has been passed, delivery of the service has been provided, to the purchaser.

Student and Consulting Fees

Fees are recognised when the service has been provided to the student or client. This means that fees that have been received in advance for services not yet rendered to students or clients are deferred at the end of each accounting period as a liability in the Statement of Financial Position. An amount where a student or client has been provided a service but the fee has not yet been paid is to be recognised as an asset in the Statement of Financial Position, less any allowance for doubtful debts.

Research Income

Research grants are recognised as revenue when AGSL obtains control over the asset comprising the contributions. When AGSL does not have control of the contribution, does not have the right to receive the contribution or, in the case of reciprocal grants, has not fulfilled grant conditions, the grant contribution is treated as deferred income in the Statement of Financial Position.

Reciprocal research income from other entities is recognised as revenue when AGSL has provided the service to the customer. Non-reciprocal research income from other entities is recognised as revenue when AGSL obtains control over the asset comprising the contributions.

Other Revenue

Revenue is recognised when AGSL obtains control over the related asset (or the revenue itself if not related to a tangible asset).

Acquisition and Disposal of Assets

Assets acquired at no cost or for nominal consideration, are initially recognised at their fair value at the date of acquisition. Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in the Income Statement.

Non-Current Assets

All property, plant and equipment with a cost of greater than \$5,000 (excluding GST) is recorded as a non-current asset at cost, less subsequent depreciation and impairment.

All non-current assets having a limited useful life are depreciated or amortised over their estimated useful lives, in a manner which reflects the consumption of their future economic benefits. Useful Life is the shorter of:

- The period over which an asset is expected to be available for use by AGSL; or
- The estimated total service period that is expected to be obtained from the asset.

Depreciation is calculated on a straight-line basis from the time the asset becomes available for use. Assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

Where the recoverable amount of an asset is less than its carrying amount, the carrying amount is to be reduced to the recoverable amount. That reduction is an impairment loss, which is recognised as an expense to the Income Statement for accounting purposes.

Intangible Assets

An Intangible Asset shall be recognised if, and only if:

- (a) it is probable that expected future economic benefits are attributable to the asset and will flow to AGSL; and
- (b) the cost of the asset can be measured reliably.

Research and development costs are expensed to the Income Statement as incurred.

Leases

In accordance with AASB 117 "Leases", leased assets classified as "finance leases" are recognised as assets. The amount initially brought to account as an asset is the

present value of minimum lease payments. An equivalent finance lease liability is brought to account at the same time.

Finance leased assets are amortised on a straight-line basis over the estimated useful life of the asset.

Finance lease payments are allocated between interest expense and reduction of lease liability over the term of the lease. The interest expense is determined by applying the interest rate implicit in the lease to the outstanding lease liability at the beginning of each lease payment period.

Operating lease payments are recognised as an expense in the Income Statement on a basis which reflects the pattern in which economic benefits from the leased asset are consumed.

Inventories

Inventories are valued at the lower of cost and current replacement cost. Costs are assigned by the method most appropriate to each particular class of inventory, with the majority being measured on a weighted average cost basis.

Receivables

Current accounts receivable are recognised at nominal amounts receivable, as they are due for settlement no more than 30 days from the date of recognition. Non-current accounts receivable, with the exception of unfunded superannuation, are recognised at the nominal amounts receivable.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off as bad debts. A provision for impaired receivables is raised where some doubt as to collection exists.

Investments

In accordance with AASB 139 "Financial Instruments: Recognition and Measurement", investments other than unlisted shares are classified as available-for-sale and are measured at subsequent reporting dates at fair value. For available-for-sale investments, gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the Income Statement for the period.

Any decline in the fair value of previously impaired available-for-sale investments is to be recognised in the Income Statement for the period. Any increase in the fair value of previously impaired available-for-sale debt investments is to be recognised in the Income Statement for the period to the extent of the initial impairment and thereafter taken to the Investments Revaluation Reserve in equity. Any increase in the fair value of previously impaired available-for-sale equity investments is to be recognised in the Investments Revaluation Reserve in equity.

Employee Benefits

Annual leave benefit is recognised at the reporting date in respect of employees' service up to that date and is measured at nominal amounts expected to be paid when the liabilities are settled, including anniversary increments and anticipated increases.

The liability for long service leave expected to be settled within twelve months of the reporting date is recognised in the provision for employee benefits as a current liability and is measured at the nominal amounts expected to be paid when the liability is settled. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provision for employee benefits as a non-current liability and is measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

Payments to defined contribution schemes are charged as an expense as they fall due. AGSL's obligation is limited to these contributions.

Foreign Currency

Transactions denominated in a foreign currency are translated at the rates in existence at the dates of the transactions. Foreign currency monetary items, which include cash, receivables and payables, are translated at exchange rates current at the reporting date. Exchange gains and losses are brought to account in the Income Statement.

Taxes

Revenue, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition or as part of the expense item as applicable; and

- Receivables and payables are stated with the amount of GST included.

Fringe Benefits Tax and Payroll Tax, where applicable, are to be included in “Other Expenses” in the Income Statement.

Other Expenses

Borrowing Costs

Bank loans and other interest bearing liabilities are recorded in the Statement of Financial Position at an amount equal to the net proceeds received.

Repairs and Maintenance

All repairs and maintenance expenditure is charged to the Income Statement during the financial period in which it is incurred.

4. Procedures

Preparation of Financial Statements

Financial statements shall be prepared in accordance with the principles outlined in section 3 of this policy.

5. Responsibilities

The following are responsible for the application of this policy:

- Audit Committee
- Board of Directors
- CEO
- COO