

CENTRAL LAND COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.9 Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition.

1.10 Property (Land, Buildings and Infrastructure), Plant and Equipment

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than \$1,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

Revaluations

Basis

Land, buildings, infrastructure, plant and equipment are carried at valuation. Revaluations undertaken up to 30 June 2002 were done on a deprival basis; revaluations since that date are at fair value, being revalued with sufficient frequency such that the carrying amount of each asset class is not materially different, as at reporting date, from its fair value. Valuations undertaken in any year are as at 30 June.

Fair values for each class of asset are determined as shown below.

Asset Class	Fair Value
	Measured at:
Land	Market selling price
Building	Market selling price
Leasehold Improvements	Depreciated replacement cost
Plant & Equipment	Market selling price

Assets that are surplus to requirement are measured at their net realisable value. At 30 June 2006 Central Land Council Authority held no surplus assets (30 June 2005: \$0).

Frequency

Freehold land, buildings and plant and equipments are subject to a formal valuation every three years. Formal valuations are carried out by an independent qualified valuer. Between formal valuations assets are assessed for movements in fair value.

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the Land Council using, in all cases, the straight-line method of depreciation. Leasehold improvements are depreciated on a straight-line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease.

Depreciation rates (useful lives) and methods are reviewed at each balance date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate. Residual values are re-estimated for a change in prices only when assets are revalued.