

ASSET ACQUISITION & MANAGEMENT POLICY

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Drafted by	Head Office	Approved by board on	June 2022
Responsible person	CEO	Review	As required

INTRODUCTION

The Board of the NSW Greyhound Breeders, Owners and Trainers Association (NSW GBOTA) is responsible for overall financial position of the organisation and for ensuring that the organisation operates within a responsible, sustainable financial framework.

In line with this responsibility, the Board of the NSW GBOTA oversees and approves asset acquisition and management process each year as part of its annual business planning.

PURPOSE

The purpose of this document is to detail NSW Greyhound Breeders, Owners and Trainers Association (NSW GBOTA)'s asset management policy in respect of the acquisition, management, disposal and valuation of non-financial assets. Compliance with this policy will ensure that the NSW GBOTA meets its asset management obligations under relevant Industry standards and legal requirements.

POLICY

NSW GBOTA employees are responsible for the proper operation and safeguarding of both capital and portable assets they access and use.

Employees and Directors are required to report any suspected improper or negligent use by any person of any NSW GBOTA assets to the CEO and/or CEO who shall decide if further investigation of the alleged misuse is warranted.

If an employee or Director needs to purchase a capital asset, they must comply with the NSW GBOTA's **Asset acquisition and management policy** and approval process for project funding. Details are set out below in this policy as to thresholds that apply to the acquisition of assets and definitions that apply. For purchase of all other assets not defined, you must consult with the Commercial or Finance Manager.

RESPONSIBILITIES

Directors & CEO

Oversight and endorsement of assets in line with thresholds provided within the policy. Directors and the CEO shall not undertake an asset purchase outside of the bounds of this policy.

Where possible, Directors should not undertake Asset purchase, without prior consultation with General Manage or Treasurer.

Finance Manager

The Finance Manager is responsible for the overall asset management, ensuring an effective system of accountability and control is in place for the management of the NSW GBOTA's assets.

The Finance Manager is responsible for the purchase, management, disposal, tracking of furniture, fitting, motor vehicles and non-technology office equipment. Property must ensure that correct details are entered in the financial system

Finance

Under the direction of the Finance Manager, Finance is responsible for the proper accounting, valuation and reporting of assets in accordance with current accounting standards.

Finance must ensure that the Line Managers properly cost capital projects and are responsible for the registration of the resulting capital assets at the end of each project.

Finance coordinates the annual stocktake of capital and portable assets with Line Managers. They will provide a stocktake plan and instructions to all areas assisting with the stocktake.

CEO

Oversee overall asset management, maintenance and replacement schedules, ensuring diligent consideration, planning and policy adherence applies.

Track Managers

The Line Managers properly cost capital projects and are responsible for the registration of the resulting capital assets at the end of each project.

Undertake annual stocktake of capital and portable assets to required format.

Ensure regular maintenance to maintain and extend the life of an asset.

Prepare and provide consideration, costings and funding applications where relevant to asset replacement.

Undertake asset disposal, including resale requirements.

PROCEDURES

Assets lost, stolen or destroyed

If an employee suspects that an asset has been lost, stolen or destroyed, they must notify the CEO as soon as the loss is known or suspected.

If an asset is confirmed as lost, stolen or destroyed, Finance will assist with lodging an insurance claim to NSW GBOTA once the authoriser's approval has been received.

Where an asset has been lost, stolen or destroyed, the CEO may instigate a further investigation.

In the event where assets are suspected to be stolen by an employee, the matter must be referred to the CEO or Finance Manager, with it to be referred to the Audit & Finance Committee.

Where an employee is found to have contributed to the loss or damage of an asset through negligence or misconduct, the employee may be held liable for the value of the loss or damage.

ASSET DEFINITION

There are two types of non-financial assets recorded in the asset register:

- capital assets
- portable assets.

To be classified as a capital asset the following criteria must be satisfied:

- it provides potential services or future economic benefits that directly or indirectly allow NSW GBOTA to perform its function
- NSW GBOTA has control over the potential services or future economic benefits of an asset
- the asset has a useful life of more than one financial year
- the asset has a cost or other value that can be measured reliably
- the asset has a cost that is equal to or exceeds the capital asset threshold.

A capital asset can be tangible or intangible. Tangible assets have a physical form, such as office fit out, motor vehicles, hardware and office equipment. Intangible assets are identifiable as non-monetary assets without physical substance, such as computer software (purchased and internally developed software)

Where items with an individual value smaller than the threshold, form part of a 'bulk purchase' of similar items or an integrated set of equipment, the total value of all the items may be recognised as a single capital asset. This is provided the total value exceeds the threshold (for example, office fit out items such as workstations and chairs purchased as part of an overall office fit out project).

Where a bulk purchase of items is proposed, the CEO needs to be consulted on whether the items will be treated as a capital asset.

CAPITAL ASSET THRESHOLD

ASSET CLASS	THRESHOLD	REPORTING REQUIREMENT
Tools & Machinery	\$3,000	<p>CEO sign off on presentation of quotations.</p> <p>Where the same asset is purchased more than twice in a financial year, a report must be provided to the CEO detailing need for replacement and review of initial purchases life span</p> <p>E.g.:</p> <ul style="list-style-type: none"> • Lost or stolen • Not fit for job • Faulty; warranty options
Tools & Machinery	\$7,000	<p>Report to be presented to Finance & Audit Committee with supporting quotations for consideration</p> <p>Where the same asset is purchased more than twice in a financial year, a report must be provided to the Finance Manager & CEO detailing need for replacement and review of initial purchases life span</p> <p>E.g.:</p> <ul style="list-style-type: none"> • Lost or stolen • Not fit for job • Faulty; warranty options
Computer, Devices & Software	\$3,000	<p>CEO sign off on presentation of quotations.</p> <p>Where the same asset is purchased more than twice in a financial year, a report must be provided to the CEO detailing need for replacement and review of initial purchases life span</p> <p>E.g.:</p> <ul style="list-style-type: none"> • Lost or stolen • Not fit for job • Faulty; warranty options
Computer, Devices & Software	\$5,000	<p>Report to be presented to Finance & Audit Sub Committee with supporting quotations for consideration</p> <p>Where the same asset is purchased more than twice in a financial year, a report must be provided to the CEO detailing need for replacement and review of initial purchases life span</p> <p>E.g.:</p> <ul style="list-style-type: none"> • Lost or stolen • Not fit for job

		<ul style="list-style-type: none"> Faulty; warranty options
Racing Infrastructure (Starting boxes, cables, carriage, kennels needs)	\$5,000	<p>CEO sign off on presentation of quotations.</p> <p>Where the same asset is purchased more than twice in a financial year, a report must be provided to the CEO detailing need for replacement and review of initial purchases life span</p> <p>E.g.:</p> <ul style="list-style-type: none"> Lost or stolen Not fit for job Faulty; warranty options
Racing Infrastructure (Starting boxes, cables, carriage, kennels needs)	\$10,000	<p>Report to be presented to Directors Meeting with supporting quotations for consideration, and where applicable GRNSW Funding lodCEOent and letter of offer.</p> <p>Where the same asset is purchased more than twice in a financial year, a report must be provided to the CEO detailing need for replacement and review of initial purchases life span</p> <p>E.g.:</p> <ul style="list-style-type: none"> Lost or stolen Not fit for job Faulty; warranty options
Furniture & Fitting	\$5,000	<p>CEO sign off on presentation of quotations.</p> <p>Where the same asset is purchased more than twice in a financial year, a report must be provided to the CEO detailing need for replacement and review of initial purchases life span</p> <p>E.g.:</p> <ul style="list-style-type: none"> Lost or stolen Not fit for job Faulty; warranty options
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Vehicles	\$10,000	Report to be presented to Directors Meeting with supporting quotations for consideration. Where the same asset is purchased more than twice in a financial year, a report must be provided to the CEO detailing need for replacement and review of initial purchases life span E.g.: <ul style="list-style-type: none"> • Lost or stolen • Not fit for job • Faulty; warranty options
Property	-	Report to be presented to Director's meeting with supporting information for consideration.

The cost of existing assets that are upgraded or improved to increase the functionality and/or its useful life, can be capitalised and added to the value of the existing asset. This is providing the asset enhancement work has satisfied the above criteria. Examples include renovation of existing office premises and software development to add new functionality to an existing IT application.

ASSET REGISTER

An asset register for each NSW GBOTA venue, including head office or other administration buildings shall be kept and as prescribed within the policy shall be managed by the Finance Manager.

An asset is initially recognised at 'cost of acquisition' which includes:

- purchase price
- cost directly attributable in bringing the asset to a location and condition ready for use
- initial estimate of the cost of dismantling and removing the item and restoring the site on which it is located where there is a present obligation to do so (e.g. office fit out make good).

Directly attributable' costs are costs that, if not incurred, would result in the asset not being able to be used and therefore not being able to provide future economic benefits to the entity. Examples of 'directly attributable' costs are:

- costs of employee directly related to the construction or acquisition
- cost of site preparation
- initial delivery and handling costs of materials for the capital works project
- installation and assembly costs
- costs of testing that the asset is functioning properly
- professional fees.

Assets acquired at no cost, or for nominal consideration are to be valued at its fair value at the date of acquisition.

If asset costs have been expensed, they cannot subsequently be capitalised in future years

Directly attributable costs during the development stage of a capital project are to be recorded as work in progress until the project is completed.

All physical assets purchased as part of a project must be separately identified (by the use of barcodes) where possible, to assist with stocktaking, asset valuations and asset replacement.

Stock take

The stocktake is physical sighting of assets to verify that the asset still exists and is correctly recorded in the Asset Register. The physical sighting includes inspection for any indication of impairment.

The stocktake is a part of the financial year end process and must be completed before year end. It is conducted annually for both capital and portable assets by the Finance Manager or CEO.

As part of the annual review of asset valuation, all tangible and intangible assets are assessed for impairment, obsolesce, useful life and economic value. Any identified reduction in value of an asset will be reflected in the result of the stocktake.

At the end of the annual stocktake, the results are reconciled with the asset register and any discrepancies are investigated and verified with the responsible section. The Finance section prepares a summary report to the CEO for approval on the overall stocktake results. The approved results will be updated in the asset registers and properly accounted for in the financial ledger.

Leasehold improvements

NSW GBOTA recognise office fit outs as leasehold improvements. Guidance on the treatment of capital and operating expense.

Minor changes to an existing fit out are expensed as ongoing maintenance costs as they incur.

Major reconfiguration and refurbishment of our current premises will be capitalised as addition to the existing asset. The carrying amount of the original fit out is to be reviewed. The value of any part of the original fit out which has been replaced will be written off.

Where an obligation to restore the premises to its original state arises, at the time the fitout is acquired, the cost of the leasehold improvement shall include the estimated cost of the obligation to restore (that is, make good)

CAPITALISATION OF LEASEHOLD IMPROVEMENTS

STAGE	ACTIVITY / COST DESCRIPTION	ACCOUNTING TREATMENT
Research stage	<ul style="list-style-type: none">➤ Project concept development➤ Feasibility study	Expensed

	<ul style="list-style-type: none"> ➤ Forward design proposal and cost benefit analysis 	
Design stage	<ul style="list-style-type: none"> ➤ Forward design (produces the required design documents)—including procurement costs, architectural/design consultant costs, quantity surveyor costs, specialist consultant costs and travel costs ➤ Business case proposal for construction funding 	Capitalised
Construction stage	<ul style="list-style-type: none"> ➤ Tender for construction ➤ Construction costs ➤ Purchase and installation of fit-out ➤ Project management and consultant cost directly attribute to the design/construction stage of fitout 	Capitalised
Post-construction stage	<ul style="list-style-type: none"> ➤ Post-construction relocation into completed building ➤ Ongoing repair and maintenance ➤ Training costs ➤ Project governance committees 	Expensed

DISPOSALS AND WRITE-OFFS

Disposal of assets may arise for a number of reasons.

- Rendered obsolete by changes in technology or legislative requirement
- Surplus to requirements due to changes in business processes, functions or usage patterns
- No longer fulfilling the purpose for which it was acquired
- No further service potential
- Reached an optimal trade-in value
- On-going service costs are more expensive than the replacement cost
- Unreparable damage

Write-off usually arises when an asset is no longer available for use. This can happen when an asset is lost, stolen, destroyed or has reached the end of its natural useful life.

Software applications, which are no longer in use, or replaced by new applications, will be written-off. Where a software application has been enhanced and a portion of the original software has been replaced, the value of the replaced portion will be written-off.

Prior to disposal or write-off, details and photos of the asset must be provided to the CEO for consideration. This may require progressing review to the Audit and Finance Committee.

The options for the disposal of an asset are as follows:

- sale—this can take the form of public auction, tender or quotation
- trade-in—where an asset is used to reduce the cost of a replacement asset
- scrapping.

When an asset is either sold or traded-in, the area handling the disposal is responsible for ensuring that a reasonable financial outcome for the NSW GBOTA is achieved, the transaction is at arm's length and the sale price is reflective of prevailing secondary market prices. In determining a reasonable financial outcome, reference should be made to the written down value of the asset as recorded in the asset register.

It should be noted that consideration of racing assets must take in the acquisition's connection to Interest Free Interminable Loan (IFIL) or ownership by GRNSW. Examples of GRNSW owned assets include starting boxes, finish lynx cameras and equipment.

Depreciation and amortisation

Depreciation and amortisation are calculated on a straight-line basis over the estimated useful life of an asset. When estimating an asset's useful life, consideration should be given to the expected physical wear and tear, obsolescence and legal or other limits on the use of the asset.

As part of the annual stocktake, Finance will review the expected useful life, residual value and current carrying value of all NSW GBOTA assets. Such review will also be conducted when changes to the asset occur, for example, enhancement, partial write-off and impairment.

THE ESTIMATED USEFUL LIFE FOR EACH CLASS OF DEPRECIABLE ASSETS HAS BEEN DETERMINED AS FOLLOWED:

ASSET CLASS	USEFUL LIFE
Leasehold improvements	Lease term
Motor vehicles	2-5 years
Office equipment	5-10 years
Computer Hardware	2-10 years
Software	3-10 years
Tools	1-5 years
Machinery	3-10 years
Racing Infrastructure	1-10 years

Asset reporting and record keeping

Finance is responsible for the maintenance of the financial assets registers and the proper accounting of all asset movements and work in progress. Line Managers areas must ensure that Finance is notified of all acquisitions, disposals and movements initiated or managed by their area by the end of each month. This can be done by forwarding Finance an email with detail and supporting quotations.

Records in the asset registers will be verified by the results of the annual physical stocktake. The responsible employee and/or business areas will be required to account for any discrepancies uncovered in the process.

Movements of portable assets between users and/or locations within the NSW GBOTA should be recorded as soon as they occur.

DEFINITIONS

Computer, Devices & Software: technology hardware assets include desktop computer, laptops, servers, switches, routers, storage, multifunction devices, printers, video conferencing units, mobile phones, tablets and uninterrupted power supplies.

Furniture & Fittings: Office equipment, fitouts, lights, televisions

Racing Infrastructure; lure cables, lure motors, semaphore boards, starting boxes, rollers, finish lynx equipment, golf cart, stretchers, veterinary room equipment and tables, weight scales, kennels, running rail

Tools & Machinery: lawn mowers, tractor, track conditioning units, screeds, shovels, hammers, spanners, shifters, screwdrivers, and chainsaws

Authorisation

Board of directions