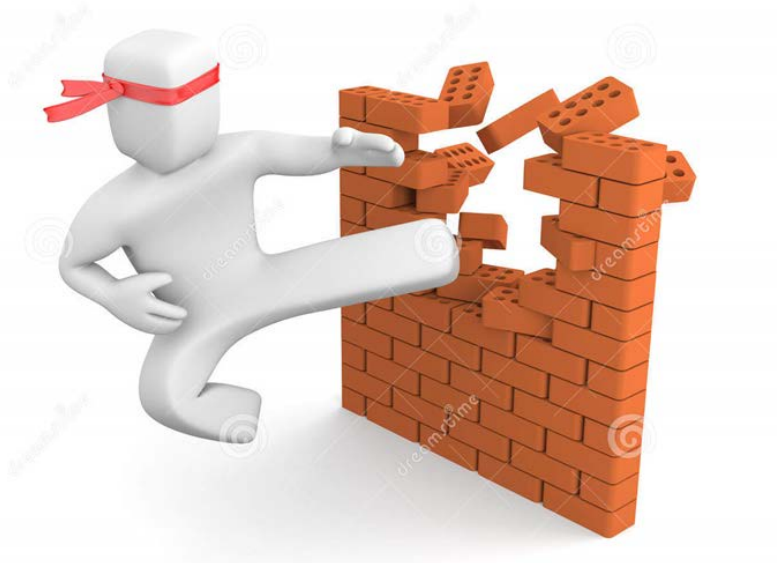


Making assets early closure friendly

Removing the barriers to closing and auditing property, plant and equipment (PPE) earlier



Making assets early closure friendly

This session will consider:

- Responsibilities for valuing property, plant and equipment (PPE)
- What can be done earlier?
- Benefits of doing things earlier

Responsibilities for PPE

Who is responsible for the asset valuations in the financial statements?

- is it the valuer?

What is the role of the valuer?

Communication

- the valuer is not an accountant or a mind reader!



When to revalue

How often do you revalue?

- do you have to revalue every 5 years?

When do you currently revalue?

- does this cause you any problems?

Asset valuation programme case study



Case study (1)

Year 1	Year 2	Year 3	Year 4	Year 5
Civic buildings	Libraries	Schools	Outdoor leisure facilities	Museums, theatres
Depots	Investment properties	Housing	Cemetries	Residential homes
Industrial workshops	Assets held for sale	Civic amenities	Investment properties	Community assets
Investment properties		Investment properties	Assets held for sale	Leisure centres
Assets held for sale		Assets held for sale		Investment properties
				Assets held for sale

Sense checking

What do you do with the revaluation schedule?

- CFO is responsible for accurate asset valuations

Does it make sense?

- understand the movements
- is it in line with expectations

Timing

- Is there enough time for QA?

Revaluation schedule case study



Case study (2)

School	School Type	Valuation	Book value before revaluation
Greenacre	Primary	2,670,000	3,758,950
Whitestone	Primary	1,975,000	2,567,500
Yellowstone	Primary	3,387,950	2,371,565
Greyfairs	Comprehensive	3,387,950	7,568,500
Blackwater	Comprehensive	9,678,500	12,583,000
Redbrick	Comprehensive	8,892,680	11,450,000
Sunnybank	Comprehensive	328,750	6,554,890

Depreciation

What is depreciation?

- policy or estimate?

Depreciation method

- what method do you use?
- does this cause you any problems?
- consider alternatives



Capital creditors

Does this cause any problems?

What could you do differently?

- estimate
- internal trading organisations



Key learning points

- Communication is key – speak to your valuers and auditors at the earliest opportunity!
- Balance your work profile
- Review depreciation methodology
- Estimate capital creditors
- Errors identified in year will reduce the need to unravel accounting entries