

## POLICY BRIEF

### Issue Assets - 8 : Ongoing Recording of Land Asset Transactions in the GAS General Ledger

#### Issue:

- *What are the ongoing requirements for recording land asset transactions each month to each Agency's General Ledger in GAS?*

#### Policy :

- Transactions involving an Agency's land holdings are to be manually posted to the Agency's General Ledger in GAS in a timely manner (before the 'cut-off' for the relevant month) to ensure accurate financial reports.
- Agencies have the discretion to post the land asset transactions across cost centres in their ledgers, as appropriate and according to Agency needs. Alternatively, Agencies may continue to post their land assets transactions each month to the cost centre code used for the initial loading of existing land assets data at 30 June 2002.
- Agencies are responsible for ensuring their land assets data in the Land Administration Information System (LAIS) is up to date and agrees to their General Ledger.
- In practice, transactions involving the purchase, disposal or revaluation of land (Treasurer's Directions Sections A2.1, A2.2 and A2.4) will be undertaken by DIPE, for the whole of Government. Agencies will therefore, need to obtain from DIPE the information required to ensure that the appropriate journals are posted for land asset transactions.
- Where an Agency separately obtains valuations, it must ensure the General Ledger is updated and provide the valuation information to DIPE to update the LAIS.
- Transfers of blocks of land between Agencies are designated as equity transfers (Treasurer's Directions Section A4.2) and affect the books of the Central Holding Authority (as owner of the Agencies). Accordingly, these transactions require approval from the Treasurer under section 36 of the *Financial Management Act*.
- Appendix A provides examples of journals for acquisition, disposal and revaluation transactions related to land assets. The journals are provided as a guide and Agencies need to consider other complexities and circumstances surrounding transactions that may necessitate modification of the journals provided. Agencies also need to consider specific ledger codes when posting the journals as individual Agencies may utilise slightly different posting level codes.

**References :**

TD Section A2.1 : Assets – Overview

TD Section A2.2: Assets – Property, Plant & Equipment

TD Section A2.4 : Assets – Revaluation

TD Section A4.1 : Equity – Overview

TD Section A4.2 : Equity – Owner Actions

## Examples of Monthly Journals for Posting Land Transactions

Account Description	Account Code	Amount (\$)	Amount (\$)
<u>1. Land purchased (TD - A2.1):</u>			
A block of land is purchased for \$110,000.			
Note: in practice land purchases will be undertaken by DIPE in vast majority of situations.			
DR	Land – Acquisitions	100,000	
DR	GST Owing / Paid	10,000	
CR	Accounts Payable Control		110,000
<u>2. Land disposed (TDs - A2.1 and A2.2):</u>			
A block of land with a carrying value of \$100,000 is sold for \$132,000.			
Note: in practice land disposals will be undertaken by DIPE in vast majority of situations.			
DR	Accounts Receivable	132,000	
CR	GST Due / Received		12,000
CR	Profit or Loss on sale of land		20,000
CR	Land - Disposals		100,000
<u>3. Land transferred from one Agency to another (TDs - A2.1, A2.2 and A4.2):</u>			
A block of land with a carrying value of \$ 100,000 is transferred from Agency A to Agency B.			
Note: FMA section 36 approval required prior to transfer.			
<i>Books of Agency A (transferring Agency)</i>			
DR	Equity Transfers Out	100,000	
CR	Land – Transfers Out		100,000
<i>Books of Agency B (receiving Agency)</i>			
DR	Land – Transfers In	100,000	
CR	Equity Transfers In		100,000

Account Description	Account Code	Amount (\$)	Amount (\$)
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4. Revaluation Increment where no previous land revaluations (TDs - A2.2 and A2.4):

A block of land with a carrying value of \$100,000 is revalued to \$120,000 (revaluation increment).

DR	Land – Revaluation Increment / Decrement	841151	20,000	
CR	Asset Revaluation Reserve - Land	992111		20,000

5. Revaluation Decrement where there is a balance in relation to land in the Asset Revaluation Reserve (TDs - A2.2 and A2.4):

A block of land with a carrying value of \$100,000 was previously revalued to \$120,000 (refer eg. 4).

Land is subsequently revalued to \$90,000. Balance in Asset Revaluation Reserve for land on the date of revaluation is \$20,000.

DR	Asset Revaluation Reserve - Land	992111	20,000	
DR	Asset Revaluation – Land ( <i>Expense</i> )	382111	10,000	
CR	Land – Revaluation Increment / Decrement	841151		30,000

6. Revaluation Decrement where no previous land revaluations (TDs - A2.2 and A2.4):

A block of land with a carrying value of \$100,000 is revalued to \$85,000.

Note: assumes Asset Revaluation Reserve in respect of land is Nil.

DR	Asset Revaluation - Land	382111	15,000	
CR	Land – Revaluation Increment / Decrement	841151		15,000

7. Revaluation Increment where a previous revaluation decrement in relation to land was expensed (TDs - A2.2 and A2.4):

A block of land with a carrying value of \$100,000 was previously revalued to \$85,000 (refer eg. 6).

Land is subsequently revalued to \$110,000.

DR	Land – Revaluation Increment / Decrement	841151	25,000	
CR	Revaluation Increment – Land ( <i>Revenue</i> )	175111		15,000
CR	Asset Revaluation Reserve - Land	992111		10,000