

EQUITY AND RESERVES POLICY



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1 PURPOSE

- 1.1 This policy outlines how CQUniversity will manage equity, reserves and the internal distribution of interest on investments.
- 1.2 This policy forms part of the University's financial management practice manual, which contributes towards meeting the University's obligations under the [Financial and Performance Management Standard 2019](#) (Qld), by providing direction on the University's treatment of equity, including the recognition and classification of equity and the classification, establishment and maintenance of reserves. The internal distribution of interest on investments is also covered.

2 SCOPE

- 2.1 This policy applies to all equity and reserves recognised by CQUniversity.

3 POLICY STATEMENT

Recognition of equity

- 3.1 The University's equity is classified as the residual interest in its assets after deducting all of its liabilities, and is recognised in accordance with the Australian Accounting Standard Board's [Framework for the Preparation and Presentation of Financial Statements](#).
- 3.2 The Deputy Director Financial Accounting and Operations will ensure that the University establishes and maintains an appropriate system to ensure that:
 - a) authorised reserves are established in accordance with relevant accounting standards
 - b) appropriate systems are in place to record movements in equity and reserves, and
 - c) equity is identified and recorded appropriately in the financial statements.

Types of equity

- 3.3 Equity is classified to differentiate between the various sources or nature of the equity (e.g. contributed equity), retained earnings, and reserves (e.g. asset revaluation reserve). Such classifications assist users of the financial statements in identifying legal or other restrictions on the ability to distribute or otherwise apply certain classifications of equity.

Establishment of reserves

- 3.4 The Chief Operating Officer must establish each reserve (excluding the Asset Revaluation Reserve which is a mandatory requirement under the Australian Accounting Standards).
- 3.5 Upon establishment, the Chief Operating Officer will advise the Audit, Risk and Finance Committee about the new reserve, and provide updates on movements as required.

Internal interest distribution

- 3.6 In accordance with the [Central Queensland University Act 1998](#) (Qld) the University will distribute, pro rata, the University's earning from the investment of funds to participating funds in the common investment pool.
- 3.7 The Deputy Director Financial Accounting and Operations will maintain a register of participating funds and will calculate and distribute earnings on an annual basis.

4 RESPONSIBILITIES

Compliance, monitoring and review

- 4.1 The Chief Operating Officer and Deputy Director Financial Accounting and Operations are responsible for implementing, monitoring, reviewing and ensuring compliance with this policy.
- 4.2 Compliance and monitoring will be assessed through monthly reconciliations and regular analytical reviews.

Reporting

- 4.3 No additional reporting is required.

Records management

- 4.4 Employees must manage records in accordance with the [Records Management Policy and Procedure](#). This includes retaining these records in a recognised University recordkeeping information system.
- 4.5 University records must be retained for the minimum periods specified in the relevant [Retention and Disposal Schedule](#). Before disposing of any records, approval must be sought from the Records and Privacy Team (email records@cqu.edu.au).

5 DEFINITIONS

- 5.1 Terms not defined in this document may be in the University [glossary](#).

Terms and definitions

Participating funds: organisations, divisions, business areas or other specific funding arrangements of the University that are listed to participate in the University's earning distribution.

6 RELATED LEGISLATION AND DOCUMENTS

[Australian Accounting Standards:](#)

- AASB 101 Presentation of Financial Statements

[Central Queensland University Act 1998](#) (Qld)

7 FEEDBACK

7.1 Feedback about this document can be emailed to policy@cqu.edu.au.

8 APPROVAL AND REVIEW DETAILS

Approval and Review	Details
Approval Authority	Council
Delegated Approval Authority	Audit, Risk and Finance Committee
Advisory Committee	N/A
Required Consultation	N/A
Administrator	Chief Operating Officer
Next Review Date	17/05/2024

Approval and Amendment History	Details
Original Approval Authority and Date	Council 14/07/2014
Amendment Authority and Date	Deputy Vice-Chancellor (Finance and Planning) 28/07/2017; Vice-President (Student and Corporate Services) 17/05/2021; Editorial amendment 17/08/2021; Editorial amendment 03/01/2023
Notes	This document was formerly known as the Equity and Reserves Policy (FMPM) (last approved 28/07/2017).