

CONTENTS

1	PURPOSE.....	1
2	SCOPE.....	1
3	POLICY STATEMENT	1
	Recognition of equity.....	1
	Types of equity.....	2
	Establishment of reserves.....	2
	Internal Interest distribution.....	2
4	RESPONSIBILITIES	2
	Compliance, monitoring and review.....	2
	Reporting.....	2
	Records management.....	2
5	DEFINITIONS	2
	Terms and definitions.....	2
6	RELATED LEGISLATION AND DOCUMENTS.....	2
7	FEEDBACK.....	3
8	APPROVAL AND REVIEW DETAILS.....	3

1 PURPOSE

- 1.1 The purpose of this policy is to provide direction on the University's treatment of equity, including the recognition and classification of equity and reserves, together with information regarding the 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 the University and to all staff responsible for the identification, measurement, management, and recording of equity transactions in accordance with the [Delegation of Authority Policy \(FMPM\)](#) and organisational structure of the Finance and Planning Division.

3 POLICY STATEMENT

- 3.1 The [Financial Management Practice Manual](#) (FMPM) is the University's financial management policy framework. As such, this policy forms part of and must be read in conjunction with the FMPM.

Recognition of equity

- 3.2 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](#).
- 3.3 The Deputy Director, Financial Accounting and Operations is responsible for ensuring that the University establishes and maintains an appropriate system to ensure that:
- authorised reserves are established in accordance with relevant accounting standards
 - appropriate systems are in place to record movements in equity and reserves, and
 - equity is identified and recorded appropriately in the financial statements.

Types of equity

- 3.4 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

- 3.5 The establishment of each reserve (excluding the Asset Revaluation Reserve) requires authorisation of the Deputy Vice-Chancellor (Finance and Planning). Upon establishment, the Deputy Vice-Chancellor (Finance and Planning) will provide advice to the Strategic Planning and Projects Committee regarding the new reserve and provide updates on movements as required.

Internal Interest distribution

- 3.6 In accordance with the [Central Queensland University Act 1998](#) the University will distribute, pro rata, the University's earning from the investment of funds to all 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 Deputy Director, Financial Accounting and Operations is responsible managing the implementation of this policy and for ensuring that its provisions are adhered to and applied consistently across the University.
- 4.2 The Deputy Vice-Chancellor (Finance and Planning) is responsible for approving and establishing new reserves.
- 4.3 Compliance and monitoring will be assessed through monthly reconciliations and regular analytical reviews.

Reporting

- 4.4 No additional reporting is required.

Records management

- 4.5 Staff must maintain all records relevant to administering this policy in a recognised University recordkeeping system.

5 DEFINITIONS

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

Terms and definitions

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

6 RELATED LEGISLATION AND DOCUMENTS

[AASB101 \(NFP\) Presentation of Financial Statements](#)

[Central Queensland University Act 1998](#)

[Delegation of Authority Policy \(FMPM\)](#)

[Financial Accountability Act 2009](#)

7 FEEDBACK

7.1 University staff and students may provide feedback about this document by emailing policy@cqu.edu.au.

8 APPROVAL AND REVIEW DETAILS

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Advisory Committee to Approval Authority	Audit, Risk and Finance Committee
Administrator	Deputy Vice-Chancellor (Finance and Planning)
Next Review Date	28/07/2020

Approval and Amendment History	Details
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