Appendix 1: Accounting for infrastructure assets damaged by natural disasters, decision making flowchart, local governments (non profit entities only)

Step 1: *Consider degree of damage to the asset*
Has the asset or a separately identifiable part of the asset been so severely damaged that no future economic benefits are expected from its use?

Yes

Write off the asset / part of the asset

No

Step 2: *Consider repairs/restoration work.*
Work should be expensed unless it increases the service potential of the asset. Restoration work will impact upon the *condition* of the asset as at 30 June

Step 3: *Consider the revaluation requirements*
Is the asset measured under the revaluation model?

Yes

Calculation of fair value as at 30 June must take into consideration the *condition* of the asset at that date. If fair value differs materially from carrying value then the class of assets must be revalued.

No (at cost)

Step 3: *Consider impairment*
Are there any indicators of impairment?
Damage sustained by natural disaster is an indicator of impairment – evidence of review for indicators needs to be documented.

Yes

Calculate the individual asset's recoverable amount (higher of FVLCTS and VIU). Is the asset's recoverable amount less than its carrying amount?
Note: where asset is measured at *Depreciated Replacement Cost*, it is unlikely there will be any impairment.

Yes

Is the total change in written down value for the class of assets, or the total impact on depreciation for the class of assets material?

Yes

Record impairment

No

No action required

No

No impairment. No action required.

No

No further action required