

Accounting for Collaborative Ventures Policy (1800)

Purpose:	This policy serves to provide financial reporting guidance for collaborative ventures in which Murdoch University (the University) has an interest.		
Audience:	Staff		
Contact Officer:	Senior Financial Accountant Manager Financial Accounting	Phone:	See Campus Directory

Printed copies are for reference only. Please refer to the electronic copy in Policy and Procedure Manager™ [the electronic policy management system (EPMS)] to ensure you are referring to the latest version.

Objectives:

1. To ensure the income received and expenses incurred by the University as a venturer in collaborative ventures are recorded in accordance with legislative requirements.

Policy:

1. Collaborative Venture

- 1.1. Schools/Offices can enter into collaborative ventures with external parties for the purpose of achieving a common goal.
- 1.2. These collaborative ventures are usually set up with the characteristics of a joint venture and funded through grants received from various funding bodies (refer to Appendix 1).
- 1.3. Joint ventures can be set up either as:
 - 1.3.1. An incorporated joint venture which involves the establishment of a corporation, partnership, or other entity in which each venturer has an interest; or
 - 1.3.2. An unincorporated joint venture which does not involve the establishment of a corporation, partnership, or other entity that is separate from the venturers themselves.

The nature and extent of financial reporting and taxation requirements are determined by the type of joint venture structure entered into by the University. Schools/Offices are required to consult central Finance Office (FO) for detailed procedural guidance.

- 1.4. The University participates in these collaborative ventures as the:
 - 1.4.1. Host/Lead participant with decision-making responsibilities; or
 - 1.4.2. Administrative participant with administrative responsibilities; or
 - 1.4.3. Core participant with responsibilities as decided by the ventures.
- 1.5. The collaborative ventures are generally governed by legal agreements or constitutions:
 - 1.5.1. A funding agreement between the funding body and the venturers which specifies the obligations of the parties.

- 1.5.2. A joint venture agreement between the venturers which specifies the operation of the collaborative venture.
- 1.5.3. A project agreement between the parties involved in the project carried out within the collaborative venture.

2. Treatment of Income and Expenses – Incorporated Joint Venture

- 2.1. The University recognises its interest in the collaborative venture as an investment and accounts for it in the Financial Statements by using the Equity method.
- 2.2. Schools/Offices are required to contact central FO for detailed procedural guidance due to the complexity of the accounting and reporting requirements.

3. Treatment of Income and Expenses – Unincorporated Joint Venture

- 3.1. All income received and expenses incurred by the Schools/Offices relating to the collaborative venture must be recorded under the relevant project code in the finance system.
- 3.2. The University recognises funds received from the funding body or other venturers as revenue if it is the receiving party.
- 3.3. Accounting treatment of the funds distributed to other venturers in the collaborative ventures is based on the nature of the expenses and the decision-making responsibilities of the University:

Who determines fund distribution based on the funding agreement and/or joint venture agreement?	Accounting treatment of fund distribution received by the University to other venturers
Funding Body	Distribution of income (i.e. negative income)
The University as the Host/Lead participant with decision-making responsibilities	Consultancy expenses as the University engages other venturers to provide consultancy services required to complete the project

- 3.4. The University contributes to the collaborative ventures in the form of:
 - 3.4.1. Cash – e.g. joining fees, membership fees, etc.
 - 3.4.2. In-kind contributions – e.g. salaries, project knowledge, facilities, etc.
 These contributions are expensed and included in the University's Income Statement.

Supporting Procedures:

The Associate Director Financial Services is authorised to approve the supporting procedures.

Supporting Guidelines:

There are no supporting guidelines.

Supporting Standards:

There are no supporting standards.

Performance Indicators:

There are no performance indicators.

Definitions:

The definition of these terms appears in the "Dictionary of Terms". Please refer to the "Dictionary of Terms" in Policy and Procedure Manager™ to ensure you are referring to the latest version.

There are no key terms.

Related Documents:

There are no related documents.

References:

AASB 131 – Interests in Joint Ventures

Approval and Implementation:

Approval Authority:	Associate Director Financial Services
Responsible Officer(s):	Manager Financial Accounting

Revision History:

Version	Date Approved	Effective Date (if later than 'Date Approved')	Next Review Date	Resolution No. (if applicable)
Administrative amendments	21/02/2018		21/02/2021	
3	15/03/2012		15/03/2015	
2	23/08/2011		23/08/2014	
1	23/08/2011		23/08/2014	