

Controlled Document – Refer to NMIT website or intranet for latest version

COURSE DEVELOPMENT COSTS

Section	Finance		
Approval Date	20.11.2014	Approved by	Council
Next Review	20.11.2020	Responsibility	Director of Finance and Business Improvement
Last Review	05.10.2017	Key Evaluation Question	6

PURPOSE

NMIT undertakes development of course materials for new and existing educational courses. The costs involved in course development may give rise to an intangible asset from which NMIT derives benefits over more than one year. In such cases, the course development costs should be capitalised and amortised over the useful life of the asset.

The purpose of this document is to state NMIT's policy with regard to the accounting treatment of course development costs.

SCOPE

This policy applies to all costs incurred in the development of NMIT courses.

DEFINITIONS

Course	The components of learning that make up a programme of study.
Development	The creation of new or substantially improved course materials prior to their introduction for teaching or other commercial purposes.
Intangible Asset	An identifiable non-monetary asset without physical substance.
Useful Life	The period over which an asset is expected to be available for use by NMIT.

RESPONSIBILITIES

Director of Finance and Business Improvement	<ul style="list-style-type: none"> Review all applications for course development and identify costs for capitalisation where appropriate. Ensure that systems are in place to capture course development costs where those costs are to be capitalised. Advise Human Resources of staff costs to be allocated to course development costs codes.
---	--

Finance Team	<ul style="list-style-type: none"> Administer codes in NMIT's financial systems to enable course development costs to be captured. Process journals as required to record course development costs. Record completed course development costs on NMIT's asset register, with an appropriate amortisation rate.
People and Organisation Development	<ul style="list-style-type: none"> Administer costs in NMIT's payroll system to enable course development costs to be captured. Allocate staff costs to course development costs codes as advised by Director of Finance and Business Improvement.
Head of Department	<ul style="list-style-type: none"> Submit applications for course development during the annual budget cycle as part of the normal capital expenditure budgeting process. Ensure that purchase orders for externally purchased course development costs are coded correctly.

POLICY

- Course development costs may include:
 - Salary costs of NMIT staff involved in course development;
 - Accreditation costs;
 - Cost of consultants engaged by NMIT to undertake course development;
 - Printing and other resource costs used for course development.
 - Any other costs that are directly attributable to the course development.
- NMIT will capitalise course development costs when:
 - The costs result in the creation of an intangible asset as defined by current NZ financial reporting standards;
 - The estimated useful life of the asset is greater than one year; and
 - The costs are in excess of \$30,000.
- NMIT will expense the following costs as they are incurred:
 - Any costs incurred during the research phase of the course development process, e.g. market research costs;
 - Staff training costs; or
 - Cost of advertising & promotional activities relating to the new/revised course.
- NMIT will amortise the cost of the asset over its estimated useful life to NMIT.

REFERENCES

EXTERNAL

Applicable Financial Reporting Standards