

# Fixed Asset (Financial) Policy

## Objectives:

To ensure accounting for fixed assets meets the requirements of the **Financial Reporting Standard (IFRS) 3: Accounting for Property, Plant and Equipment**.

## Strategies:

- Providing a clear definition of fixed assets
- Determining a threshold below which fixed assets are not recorded
- Recognising groups of assets
- Capitalising all fixed asset purchases, including all costs involved in purchasing and preparing the asset for use
- Depreciating all fixed assets
- Reviewing the useful life and method of depreciation of fixed assets annually
- Ensuring the value of assets held is accurate

## Definition of Fixed Assets:

Fixed assets are items acquired or construction, over which the school has control and are intended to be used on a continual basis, (i.e. for more than twelve months). All costs involved in the purchase and setting up of an asset are to be capitalised against the value of that asset. Subsequent expenditure that increases or extends an asset's service will be capitalised.

The capitalisation threshold will be \$1000.00 excluding G.S.T. Capital items of lesser value will be expensed with the exception of furniture as in general the total value of these assets is significant as a percentage of the value of all assets held by the school.

Items that are purchased as a set and as such meet the threshold value and are intended to have a life of more than twelve months will be capitalised.

Textbooks are to be expensed as many items are replaced annually and the school's control systems are not sufficient to record individual items and to facilitate the regular stock-takes required to confirm the assets are still held. This also reflects the high usage and frequent curriculum changes which often make textbooks obsolete.

Sport equipment that does not meet the threshold value are to be expensed unless purchased as a set and expected to be held for more than twelve months. This is in line with the current policy.

## Cost (Valuation):

Land and buildings that are owned by the Crown are occupied on the basis of a property occupancy agreement.

Fixed assets that were transferred to the Board of Trustees on 1 October 1989 are recorded at valuation as at that date and have since been depreciated. All other fixed assets are recorded at cost or, in the case of donated assets, initially recorded at their fair value at the date of receipt. Fixed assets are valued at historical cost and are not re-valued.

All assets are to be depreciated annually. Each category of asset will be depreciated at a rate that fairly reflects the useful life of the item. The current rates for depreciation are set out below.

ASSET	USEFUL LIFE OF ASSET	DEPRECIATION RATE
Buildings	40 – 50 years	2 – 2.5%
Computers	5 years	20%
Electronic Equipment	5 years	20%
Furniture & Fittings	10 years	10%
Office Equipment	5 – 10 years	10 – 20%
Plant & Machinery	5 – 10 years	10 – 20%
Teaching & Sports Equipment	5 – 10 years	10 – 20%
Library books are depreciated on a diminishing value basis at 12.5% per annum		

Leased equipment would be depreciated on a diminishing value over the term of the lease when classified as a finance lease under **SSAP-18**.

#### **Reviewing The Useful Life of Assets:**

Each year prior to the preparation of the annual financial reports the useful life of all assets will be reviewed and any necessary changes will be documented and approved by the Board. If there are no changes to be made this needs to be documented and approved by the Board also.

#### **Value of Assets Held:**

To ensure the value of assets held is accurately recorded the assets will be reviewed on an annual basis and any necessary adjustments made records. Assets must be confirmed as held at the school on an annual basis by physically checking all items recorded.

Assets held that are expected to have a trade in value at the end of their useful life or when upgrading will have a residual value shown in the register which fairly reflects the value of the item when due for replacement.

#### **Disposal of Assets:**

Where an asset is disposed of the loss or gain recognised in the Statement of Financial Performance will be calculated as the difference between the sales price and the carrying amount of the fixed asset. Missing/scrapped items will be removed from the asset register and a printout of the amended register for end of year accounts.

The accounting programme used must be able to record partial disposals.

#### **Suggested Method of Checking Assets:**

Lists of assets held with check sheet to be printed off and checked in the following manner:

- Buildings to be checked by Executive Officer / Property Officer
- Electronic equipment to be checked by curriculum convenors / Administration person
- Furniture and fittings to be checked by person in charge of asset recording, (a check list for staff to fill in could be used to assist with task)
- Office equipment to be checked by Executive Officer of delegated person

- Property assets to be checked by Property Officer
- Sports and Teaching equipment to be checked by curriculum convenors