

FIXED ASSET POLICY

PURPOSE:

To ensure the value of fixed assets recorded in the School's annual Financial Statements is materially correct and that the annual depreciation charge recorded by the school fairly represents the use of the assets over their lives.

GUIDELINES:

Definition

Fixed assets are physical assets that are held by the school for use in the production of supply of goods and services, for rental to others or for administrative purposes, and have been acquired or constructed with the intention of being used on a continuing basis. Fixed assets may also include items held for the maintenance or repair of other assets.

Fixed assets are property, plant and equipment used by the school for more than 12 months, over which the school has control.

Recording of Fixed Assets

All fixed assets over the value of \$800 are to be recorded in the school Fixed Assets Register, and depreciated annually at the appropriate rate. The Register to be reviewed along with an annual stocktake.

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 initially recorded at cost or, in the case of donated assets, initially recorded at their fair value at the date of receipt. Initial cost includes the purchase consideration, or fair value as the case may be and those costs directly attributable to bringing the asset to the location and condition necessary for its intended use.

Fixed assets are valued at historical cost and are not revalued. Subsequent expenditure that increases or extends an asset's service potential is capitalized.

Recognition

Items of property, plant and equipment with an individual value in excess of \$800 are capitalized on purchase. Other items with an individual value below \$800 are expensed with the exception of furniture and fittings that are purchased in quantity where the total value exceeds \$800, such as classroom sets

of desks and chairs. This is to reflect their significant total value as a percentage of the total assets held by the school.

Textbooks, even when purchased in quantity, are recorded as a learning resource expense and not capitalised on purchase. This reflects the high usage and frequent curriculum changes that make textbooks obsolete.

Minor sports and teaching equipment, even when purchased in quantity, are recorded as a learning resource expense and not capitalised on purchase. This reflects the need for regular replacement of these items and their overall low total value when compared to the total fixed asset holding.

Depreciation

Fixed assets are depreciated on a systematic basis. Fixed assets except for library books, are depreciated so as to charge their cost or value over their estimated useful life on a straight-line basis.

Estimated useful lives are:

Furniture and Fittings	10 years
Electronic Equipment	3 years
Computer Equipment	5 years
Sports Equipment	5 years
Music Equipment	10 years
Audio Visual Equipment	5 years
Plant & Machinery	10 years
Buildings	40 years

Library books are depreciated on a diminishing value basis at 12.5% per annum.

Leased equipment is depreciated over the lease term.

(When classified as a finance lease under SSAP-18)

Gain/Loss on disposal

Where a fixed asset is disposed of, the gain or loss recognised in the Statement of Financial Performance is calculated as the difference between the sales price and the carrying amount of the fixed asset.

When a fixed asset is written off because it is now obsolete or beyond repair the gain or loss recognised in the Statement of Financial Performance is the carrying amount of the fixed asset.

Review

The school undertakes a review of the useful life and method of depreciation for each category of fixed assets to ensure they are appropriate each year.

The school performs a physical stock-take of fixed assets at regular intervals to verify the physical existence and ensure that the true cost of fixed assets is reflected in the schools financial statements.

DATE REVIEWED: November 2013