



**Objective**

The objective of this policy is to ensure the value of fixed assets recorded in the Schools 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.

**Definition**

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

**Cost (Valuation)**

Land and buildings are owned by the Seventh-day Adventist Schools Association and are occupied on the basis of an Occupancy Agreement.

Fixed assets that were transferred to the Board of Trustees on 26th March 1993 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 capitalised.

**Recognition**

Items of property, plant and equipment with an individual value in excess of \$100 are expensed with the exception of furniture and fittings that are purchased in quantity where the total value exceeds \$300 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 although purchased in quantity are recorded as a learning resource expense and not capitalized on purchase. This reflects the high usage and frequent curriculum changes which make textbooks obsolete.

Minor sports and teaching equipment although purchased in quantity are recorded as a learning resource expense and not capitalized 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 the library, are depreciated so as to change their cost or value over their estimated useful life on a straight-line basis.

Estimated useful lives are:

Furniture & Fittings	10 years
Computer Equipment	4 years
Playground Improvements	40 years
Plant & Machinery	5 years
Library is 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 recognized in the Statement of Financial Performance is calculated as the difference between the sales price and 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 may perform 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.

Ratified by Board: \_\_\_\_\_

Signed for B.O.T

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Date

Reviewed: \_\_\_\_\_

Date

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Signed for B.O.T

