

Fixed Assets

4.3

Rationale

1. The objective of this policy is 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.

Requirements

1. 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 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.

2. For the calculation of depreciation only fixed assets with a capital value of greater than \$1,500.00 will be included.
3. Cost (Valuation)

Land and building that are owned by the Crown are occupied on the basis of a property occupancy agreement. (therefore not regarded as fixed assets).

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 re-valued. Subsequent expenditure that increases or extends an asset's service potential is capitalised.

Where assets have been re-valued in past periods the asset has been recorded at the last valuation. The school has now ceased to revalue assets with additions since that date recorded at cost.

4. Recognition

Items of property, plant and equipment with an individual value in excess of \$1,500 are capitalised on purchase.

Other items with an individual value below \$1,500 are expensed with the exception of furniture and fittings that are purchased in quantity where the total value exceeds \$1,500, 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.

5. 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:

Caretaking & Cleaning Equipment	10 years
Capital Buildings	40 years
Classroom Furniture	5 years
Classroom Plant & Equipment	10 years
Computers & Related Equipment	5 years
Grounds & Tractor Equipment	10 years
Leasehold Improvements	5 years
Non Classroom Furniture	5 years
Non Classroom Plant & Equipment	10 years
Sports Equipment & Trophies	10 years
Transport Equipment	10 years
Works of Art	10 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 SSAP-18)

6. 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.

7. 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.

Adopted by Board of Trustees: March 2018