

TIRIMOANA SCHOOL **FIXED ASSET POLICY**

RATIONALE:

This policy is to ensure the value of fixed assets recorded in Tirimoana 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.

PURPOSES:

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.

GUIDELINES:

1. 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 capitalised.

Where assets have been revalued 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.

2 Recognition

Items of property, plant and equipment with an individual value in excess of \$200 are capitalised on purchase.

Items with an individual value below \$200 are expensed with the exception of furniture and fittings that are purchased in quantity where the total value exceeds \$200, 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 change.

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.

3 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.

	Useful Life	Depreciation Rate %
Admin.Equipment	5	20
Admin Furniture	10	10
Audio Visual	5	20
Buildings	40	2.5
Computers	5	20
Classroom Furniture	10	10
Library Books	8	12.5
Plant/Equipment	5	20
Playground Equipment	20	5
Teaching Equipment	5	20

4 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.

CONCLUSION

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 school's financial statements.