



Northlands College Policy Accounting for Capital Assets

POLICY STATEMENT

Capital Assets owned by Northlands College will be accounted for in accordance with the accounting standards and guidelines in:

- CPA Canada Handbook – Accounting;
- CPA Canada Public Sector Accounting Handbook, and
- Regional Colleges Accounting and Reporting Manual

GUIDELINES

1. *Amortization*

- a. Amortization of all assets will be on a straight-line basis.
- b. The full-year depreciation will be recorded regardless of when the asset became usable in the fiscal year.
- c. There will be no amortization recorded in the year of disposition.

2. *Write-down*

- a. When a capital asset no longer has any long-term service potential to the college, excess of its net carrying amount over any residual value should be recognized as an expense. A write down should not be reversed.

3. *Capital Asset Categories, Minimum Capital Value and Amortization*

Land

- i) Estimated useful life: indefinite
- ii) Minimum value capitalized: 0

Land Improvements

- i) Estimated useful life: 5 years
- ii) Minimum value capitalized: \$5,000

Buildings (Purchased and betterments)

- i) Estimated useful life: 20 years for betterments to existing buildings.
- ii) Estimated useful life: 50 years for newly constructed or acquired buildings and renovations effective July 1, 2016.
- iii) Minimum value capitalized: \$20,000.

Leasehold Improvements

Includes all improvement and building renovations made to a building that has a definite lease period.

- i) Estimated useful life: life of the lease. (At the college's discretion may include any applicable renewal period that forms part of the lease agreement.)



Northlands College Policy Accounting for Capital Assets

ii) Minimum value capitalized: \$10,000

Vehicles

- i) Useful life: 5 years
- ii) Minimum value capitalization: \$5,000

Machinery and Equipment

Includes any machinery and equipment not included elsewhere.

- i) Useful life: 5 years
- ii) Minimum value capitalization: \$5,000

Machinery and equipment of a specialized nature or has an expected useful life longer than 5 years may be included in the “Other” category.

Computer Hardware

- i) Useful life: 3 years
- ii) Minimum value capitalized: \$2,000

Office Equipment

- i) Useful life: 5 years
- ii) Minimum value capitalized: \$2,000

Office Furniture

- i) Useful life: 10 years
- ii) Minimum value capitalized: \$2,000

Systems Development

Includes costs incurred to design, develop and implement a computer system. Both external costs (i.e. hiring an external consultant) and internal government costs (i.e. salary costs related to the development of a system) are included.

- i) Useful life: Expected life of the developed system.
- ii) Minimum value capitalized: \$20,000

Other

Other capital assets not included in another category.

- i) Useful life: Dependent on the asset acquired.
- ii) Minimum value capitalized: \$5,000

Policy Originated: July 1, 1998	Approved by: President & CEO
Last Approved: January 2018	Signature: 