



College Policy & Procedures Manual	
Category	3 – Financial Legal
Policy #	3.2.4 Capital Assets

### 3.2.4 Capital Assets

#### **POLICY**

The application of this Capital Assets policy is to address the accounting treatment for acquisition and disposal of capitalized purchases.

#### **PURPOSE**

Generally accepted accounting principles allow a variety of methods to account for the amortization expense associated with capital assets. This policy outlines the method selected for the College.

#### **SCOPE**

Purchases of individual items with a value of \$1,000 or greater where the item is expected to have a minimum useful life of greater than one year will be capitalized. Significant acquisitions of library resource collections may be capitalized.

#### **DEFINITIONS**

##### **Asset Categories**

The following asset categories will be recognized with depreciation rates as noted below:

	CATEGORY	DEPRECIATION RATES	
		Yearly	As %
i.	Land	0	0
ii.	Buildings		
	wood frame	20 years	5%
	concrete/steel	40 years	2.5%
iii.	Leasehold improvements	Life of lease	Life of lease
iv.	*Furniture, fixtures, equipment	5 years	20%
v.	Computer equipment, peripherals and software	4 years	25%
vi.	Site improvements	10 years	10%
vii.	Library acquisitions	10 years	10%

\* Equipment includes vehicles



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### **Depreciation**

The method will be “straight line” for all categories.

No depreciation will be taken in the year of acquisition and a full year’s depreciation will be taken in the year of disposal.