

ACCOUNTING FOR TANGIBLE CAPITAL ASSETS

Background

The Division recognizes its responsibility to account for and report tangible capital assets in its annual financial statements. The Division will implement Public Sector Accounting Board, Section 3150 Tangible Capital Assets.

Definitions:

In accordance with Section PS 3150 of the CICA Public Sector Accounting Handbook, the following definitions are applied to tangible capital assets of the Division:

Tangible capital assets are non-financial assets having physical substance that:

- Are held for use in the production or supply of goods and services, for rental to others, for administrative purposes or for the development, construction, maintenance or repair of other tangible capital assets;
- Have useful economic lives extending beyond an accounting period;
- Are to be used on a continuing basis; and
- Are not for sale in the ordinary course of operations.

Procedures

1. The classification of assets will be determined by the CFO considering the recommendations of the Ministry of Education and the Division's auditors.
2. The determination of useful life of tangible capital assets will be based on the expected and prior historic use of the assets.
3. The CFO will amortize the cost of the tangible capital assets over their useful life cycles.
4. The CFO is responsible to the Director for the management of the financial processes involved in accounting for and reporting tangible capital assets in the Division's financial statements. The CFO shall prepare a [Tangible Capital Assets Manual](#) to be used to govern the accounting and reporting requirements and it shall contain guidelines for implementation and ongoing accounting and reporting requirements.

Reference: Section 85, 87, 109, 110, 347, 348, *The Education Act, 1995*
Public Sector Accounting Board Handbook (PSAB) PS Section 3150

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