



SUBJECT: Capital Asset Amortization	CATEGORY: Finance	NO. 401
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PREAMBLE

Canadian Public Sector Accounting Standards require that SIAS’s tangible capital assets be capitalized and amortized.

Tangible capital assets, including library collections are reported in the statement of financial position at cost, or at fair market value as of the date of acquisition if received by gift or at a nominal value if fair value cannot be determined. The costs, less estimated residual values of capital assets with limited lives, are amortized in a rational and systematic manner over their useful lives. The various methods of amortization, such as a straight line method or a declining balance method, may be used. The choice of method depends on the expected useful lives of the capital assets and their expected service to the organization.

POLICY

SIAS will amortize capital assets using the straight line method of amortization. The amortization will be shown as an expense in the Statement of Operations.

PROCEDURES

1. The asset classes and estimated useful life of the capital assets will be as follows:

Class	Class Name	Examples	Estimated Life
10	Furniture and fixtures	Tables Chairs Cabinets Desks Work benches Bookshelves	10 years

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20	Industrial/general equipment	Welders Saws Microscopes Centrifuges Grinders Lathes Pallet jack Ovens Refrigerators Recreational equipment	10 years
30	Heavy equipment	Caterpillars Tractors Dump trucks	10 years
40	Specialized equipment "equipment particularly electronic equipment used in medical or laboratory applications that would tend to have a shorter life than general equipment"	X-ray machines Oscilloscopes	5 years
50	Library reference material	Books CD ROMs Videos Microfiche	5 years
60	Vehicles	Cars Trucks Motorcycles Snowmobiles	8 years
70	Computer equipment	Computers Modems Printers Monitors	3 years
71	Personal computers	General use personal computers Monitors	4 years
73	Computer software	One-time fee for new FAST or Banner module One-time license fee for standalone software	5 years

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80	Office equipment and audio visual Includes electronic office and video equipment Active network components	Fax machines Photocopy machines VCR's Televisions Routers, switches, firewalls	5 years
90	Leasehold improvements "Major projects (\$5,000 and above)" that extend the life or increase the value of the leased asset.		Life of lease
91	Buildings	Woodland Student Housing Project	40 years

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