

POLICY STATEMENT

Policy Name	Capitalization of Assets		
Policy #	J.05	Category	Finance
Approving Jurisdiction	Board of Governors	Replaces	2018-07-24
Administrative Responsibility	Finance Division	Version	2023-02-14
		Next Review Date	to be determined

See the related PROCEDURES (Link to be added when posted.)

PURPOSE

The purpose of this policy is to identify the basis of accounting for capital assets.

SCOPE AND LIMITS

This policy applies only to tangible capital assets with both a landed cost of \$2,000 (two thousand dollars) or more and a useful life longer than one year. This policy does not apply to assets that cost less than \$2,000; nor does it apply to assets with both a landed cost of more than \$2,000 and a useful life of less than one year.

POLICY STATEMENT

Aurora College will account for its capital assets in accordance with Public Sector Accounting Standards.

Aurora College will capitalize all tangible capital assets with a useful life longer than one year and a landed cost of \$2,000 or more.

DEFINITIONS

Landed Cost: Landed cost is the total price of a product or shipment once it has arrived at a buyer's doorstep. The landed cost includes the original price of the product, transportation fees, customs, duties, taxes, tariffs, insurance, currency conversion, crating, handling, and payment fees.

Tangible Capital Assets: Tangible Capital Assets (TCAs), as defined in the *CPA Public Sector Accounting Board Handbook*, section PS3150, are non-financial assets, including computer software, 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.

RELATED POLICIES/PROCEDURES/DOCUMENTS

J.05.1 Capitalization of Assets Procedure

CICA Handbook – Accounting, sections 3060 and 3065

CPA Public Sector Accounting Board Handbook, section PS3150

APPLICABLE LEGISLATION

None

DOCUMENT HISTORY

Date	Update
2006-05-24	New policy issued. Board of Governors Motion BG#347-2006 Implemented July 1, 2006
2016-10-26	Policy revised. Policy and Programs Committee Motion PPC#08-2016. Board of Governors Motion BG#40-2016. Implemented December 1, 2016
2018-07-24	Housekeeping changes – added statement of responsibility for procedures.
2023-02-14	Policy revised. Approved by Administrator, Aurora College Ref.#Admin-02-2023 Implemented February 14, 2023.