

# Fixed Asset Management Policy

**Purpose** To ensure consistent capitalisation of expenditure and management of fixed assets in order to comply with PBE IPSAS 17 - Property, Plant and Equipment, except as it relates to the Museum's collections.

**Scope** All Museum staff with delegated authority in respect of capital expenditure.

**Review Date** June 2029

## **Policy Statement** **Definitions**

**Capitalisation** – the process of assessing the carrying amount of the fixed asset and including it in the fixed asset register, for the purpose of calculating depreciation.

**Carrying Amount** – the purchase price of a fixed asset plus any other incurred costs directly attributable to bringing the asset to a working condition for its intended use, and at which a fixed asset is entered onto the fixed asset register.

**Depreciation** – the gradual writing off of a fixed asset. This does not apply to freehold land.

**Fixed Asset** – property, plant or equipment that:

- Is held by an entity for use in the production or supply of goods and services, for rental to others or for administrative purposes, and may include items held for the maintenance or repair of such assets; and
- Has been acquired or constructed with the intention of being used on a continuing basis.

**Fixed Asset Register** – a record of the details of each fixed asset from its acquisition to disposal.

**Straight Line Depreciation** – the writing off in equal amounts over the estimated useful life of a fixed asset in accordance with the Museum's depreciation schedule. The calculation is the carrying amount, or valuation, of an asset less any estimated disposal amount divided by the estimated useful life.

Note: For the purposes of this policy, the Museum collections are not considered to be fixed assets and therefore depreciation does not apply.

## **Capital Expenditure Guidelines**

### **Over \$1,000**

Property, plant and equipment with a carrying amount of over \$1,000 (excluding GST) will be capitalised.

### **Under \$1,000**

Property, plant and equipment with a carrying amount of under \$1,000 (excluding GST) will be capitalised if:

- It is a computer, laptop, iPad or other similar tablet device; or

- The recording of the serial number of the fixed asset would be useful for insurance purposes; or
- It is the type of fixed asset that has a second-hand market value and may be sold in the future; or
- It is purchased from the same supplier and at the same time as other matching assets which have a combined carrying amount of over \$1,000; or
- The purchased item becomes part of another asset which would be capitalised.

### **Depreciation**

Depreciation is applied on a straight line basis on all fixed assets over their estimated useful lives. Land is not depreciated.

The estimated useful lives of the Museum's fixed assets are based upon the IRD general depreciation rates, or the actual estimated life when known (eg Leasehold Improvements). The main categories are:

Buildings	50 years
Exhibition galleries	10 years
Fixtures and fittings	10 years
Exhibition equipment	5 years
Plant and equipment	5 years
Computer hardware and software	3 years

### **Disposal of Fixed Assets**

Museum staff, contractors, lessees, and their families must not benefit directly from the disposal of fixed assets. For further information see the Sensitive Expenditure Procedures; Sale of surplus assets.