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Signatures: **SATCC Commission Board Chair**

SATCC Commission Board Vice Chair

Board Category Financial – F3
and Policy Name: Capital Asset Amortization

Approved: June 25, 2024

Supersedes: November 30, 2010; July 1, 2013, June 10, 2015, July 1, 2018, June 23, 2021

**Next scheduled
review:** 2026-27

Policy

The Saskatchewan Apprenticeship and Trade Certification Commission (SATCC) amortizes its capital assets using the straight-line method. A full year's amortization is recorded in the year the asset is acquired, constructed or developed and put into use, regardless of when this event occurs in the fiscal year. No amortization will be recorded in the year an asset is disposed of. This does not apply to deemed disposals.

The amortization is shown as an expense in the Statement of Operations. Capital assets will be reported on the Statement of Financial Position at net value showing historical cost and accumulated amortization.

Individual assets must meet a minimum dollar value in order to be capitalized (see Figure 1 on the next page). An exception to the above is a grouping of furniture or equipment that is intended/designed to be used together as a unit [e.g. CEO office furniture, complete board room package, full office furniture system like a desk, hutch, rolling cabinet package, etc.) and is purchased at the same time.

This policy will also align with capital asset policies/direction within the Government of Saskatchewan's Financial Administration Manual (FAM) and the Public Sector Accounting Board (PSAB) Handbook.

Procedures

The SATCC categorizes its capital assets, estimates their useful life and assigns a minimum value as per Figure 1.

Figure 1: SATCC Capital Asset/Amortization Schedule

Category	Examples	Estimated Useful Life	Minimum Value
Office Furniture and Equipment	Fax machine, Photocopier, desks, chairs, filing cabinet	5 Years	\$ 5,000
Audio Visual Equipment	Overhead Projector, TV/VCR, video conferencing equipment	5 Years	\$ 5,000
Computer Hardware	Monitor, CPU, Computer Projector	3 Years	\$ 5,000
Computer Software	Off the Shelf software packages	3 Years	\$ 5,000
IT System Development/Major System Development	Consultant fees, Website Development, Custom Developed Software, etc.	10 years or life of the contract	\$ 5,000
Leasehold Improvements	Major renovations to a leased office space	Remaining Life of the Lease at Completion of Renovations	\$ 5,000

System Development

- Refer to the Financial Administration Manual (FAM) - Section 1300 Tangible Capital Assets – C18 for the System Development procedure.

Work in Progress

- Where the construction or development of a capital asset occurs over multiple fiscal years, capital costs should be accumulated until the asset is ready for use.
- The SATCC will identify these costs as Work-in-Progress (WIP) for any interim and year-end reporting.
- The SATCC will not record amortization on WIP.
- Examples of WIP are the construction of a new building or the development of a major computer system which occurs over multiple years. WIP would also include down payments and deposits which are to be applied to the cost of a capital asset.
- Upon completion of a WIP capital project, when the TCA is put into use and is ready for amortization, a journal entry is recorded to move the completed costs from the WIP TCA cost accounts to the non-WIP TCA cost accounts. Any costs recorded to WIP TCA current year addition accounts in the year of project completion must be moved by debit memo (by supplier) to the non-WIP TCA current year addition accounts. This ensures that the supplier details for the current year TCA acquisitions are appropriately reported.

Accounting and Reporting

The SATCC will maintain sufficient information in its subsidiary ledgers to meet reporting and internal control requirements. Capital transactions will include acquisitions, disposals, transfers, write-downs, amortization and other adjustments.

The SATCC is responsible for maintaining source documents, working papers and files supporting capital asset transactions for internal and external audit or review.

The SATCC will maintain the following minimum information on each individual asset:

- Description – a unique identification to describe the asset such as a serial number
- Category – as outlined in Figure 1
- Asset type – completed or work-in-progress
- Cost – total cost for the asset
- Date placed in service – date of purchase or completion

- Location
- Amortization method – straight-line
- Estimated useful life – as outlined in Figure 1
- Disposal or transfer information

