



Education, Citizenship and Youth

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February 8, 2007

**To: Secretary-Treasurers  
School Divisions/Districts**

Dear Sir/Madam:

**Re: Setting up Tangible Capital Assets**

Prior to Christmas, Divisions provided information to Schools' Finance Branch regarding the values of their tangible capital assets (TCA) and in particular the Capital Asset/Amortization Schedules (CAAS) for buildings. I would like to thank all of you for your efforts in getting this data to us.

Now that you have completed the CAAS spreadsheets for your buildings, and hopefully for your other capital assets as well, the next step is to set up these values in the capital fund. The attached example journal entries (Tab #1) illustrate the step-by-step process to accomplish this.

The June 30/06 Capital Assets schedule (Tab #2) and the Capital Asset/Amortization Schedules (Tabs #3 to #10) for ABC School Division (as an example) are included so that you can trace the numbers to the original schedules. Printing the sample journal entries document (Tab #1) may make it easier to follow the examples.

Recording the asset values will require new accounts. These accounts are as shown in the various sample entries. Also, if applicable to your division, accounts for leasehold improvements, land improvements, leased assets, and lease liability will be necessary.

Under PSAB, the cost of a tangible capital asset includes the purchase price of the asset, as well as other acquisition costs such as:

- installation costs;
- design, engineering and architectural fees;
- legal fees;
- survey and site preparation costs; and
- freight charges, transportation insurance costs, and duties.

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The cost of a constructed asset could also include:

- related materials purchased by the school division;
- direct labour costs of the school division if involved in the development and construction of the project;
- licenses and inspection fees; and
- interest to the date of substantial completion.

After completing the entries as explained in the attached, you will have the TCA information for your June 30/07 financial statements. The accounts that you set up for these entries will also be the TCA accounts that you will need for the March 31 financial information. Using your CAAS data you should now be able to determine your March 31/06 and March 31/07 TCA figures.

Please direct any questions or comments to either me (945-5079) or Vic Warkentin (945-7227).

Yours sincerely,

*“original signed by”*

Heather Colquhoun  
Coordinator  
Accounting and Consolidations