# Board of Trustees Policy: Asset Capitalisation (NAG 4)

## Blind & Low Vision Education Network NZ

## Statement of Intent:

The Board of Trustees will be responsible for the control and accountability of the Blind & Low Vision Education Network NZ (BLENNZ) assets and will comply with the Education Act 1989, the Public Finance Act 1989, the Financial Reporting Act 1993 (and any amendments) and relevant Financial Reporting Standards and Section 4 of the National Administration Guidelines.

## Definitions:

### Capital Equipment

“All loose items of teaching, administrative and maintenance equipment which could not be regarded as consumable and therefore expensed in the year of purchase. Equipment includes moveable outdoor play equipment, appliances which are permanently connected to the gas or electrical mains supply such as a stove or photocopier and machinery which is bolted to the floor usch as metalwork lathes. It also includes electronic or communications equipment. Equipment excludes water heaters, extract fans, air-conditioning equipment and light fittings which are regarded as fixtures and fittings forming part of the building” (MOE Property Manangement Guidelines, 1999, pg.119)

Criteria for Purchase

- beyond repair;

- needs replacing or upgrading;

- is additional to current stock.

### Criteria for Repairs & Maintenance

- All work necessary to keep the site, buildings, facilities, teaching, administrative and maintenance equipment at BLENNZ in a good state of repair.

## Guidelines

### Depreciation

All assets with a capitalisation level of $500 or more, and with a life expectancy of more than one year, will be depreciated. In accordance with the Taxation Act 2006, all purchases of less than $500 will be expensed to minimise compliance costs. BLENNZ’s asset register depreciation maintenance is delegated to Education Services Ltd, a company specialising in education reporting. Education Services will comply with all Financial Reporting Standards.

| **Asset Categories** | **Description** | **Depreciation Rate** |
| --- | --- | --- |
| Plant and Equipment | Any power or electrically driven items (excluding technology) | 10% |
| Furniture and Fittings | All items of furniture and fittings | 10% |
| Buildings | All buildings or development projects undertaken with BLENNZ funds | 2.5% |
| Technology | ICT equipment e.g. computers, tablets, iPads, printers etc | 33.3% |
| Teaching Equipment | Non power or electrically driven items e.g. musical instruments. | 10% |
| Sports & Playground Equipment | Equipment used by ākonga. | 20% |
| Leased Assets | Items acquired under a finance lease agreement e.g. teachers TELA laptops. | 25% |
| Vehicles | BLENNZ vehicles | 20% |

Any changes to depreciation rates will take effect from the start of the following financial year.

### Review

In line with International Financial Reporting Standards, the Board will, through the Principal, annually review and confirm the existence and valuation of the assets recorded in BLENNZ’s fixed asset schedule.

### Security of Assets

All assets will be entered into BLENNZ’s fixed asset register with serial numbers, or unique reference numbers being recorded to facilitate tracking of assets. The asset register will record the location of assets to facilitate annual sighting checks. A complete asset stocktake will be undertaken on a cyclical two yearly basis, alternating the years between the Homai Campus and the national network.

BLENNZ is insured through the MOE Risk Management Scheme for all equipment, irrespective of its national location. Insurance for MOE owned buildings is the responsibility of the MOE. Any non owned MOE buildings will be insured separately. Owned and leased vehicles are insured through BLENNZ’s Insurance Broker, as is equipment in the Homai Campus Outdoor Learning Environment. Leased laptops are insured through the MOE’s TELA laptop scheme.

Assets may be taken off site with the approval of the relevant Senior Manager and/or Principal. If assets are to be taken overseas, these must be covered under the BLENNZ travel insurance policy.

Assets must only be used for the purposes for which they were purchased. They must be stored securely at all times.

### Asset Purchase, Replacement and Financial Reporting

Through long term strategic planning and the annual plan, the Board of Trustees will ensure:

* An adequate level of assets is attained to ensure the effective delivery of learning outcomes in relation to the National Administration Guidelines (in particular NAG 4)
* Sufficient cash resources are applied to ensure an acceptable ongoing net book value of assets is maintained.

Authority to purchase is given by the Board of Trustees when BLENNZ’s annual budget is approved by the Board. Assets to be purchased are prioritised during the budget process and listed as part of the final budget presented to the Board. Approval for re-prioritisation of capital purchases will be in accordance with Delegation and Financial Management policies.

### Delegation of Authority

The Board of Trustees will put in place a formal delegation of authority which dictates financial values up to which various authorities can operate.

The Principal is delegated responsibility for authorising finance leases for rental of assets (equipment and vehicles) within the financial limits of the approved budget.

### Annual Financial Audit

The Board will take notice of any issues raised at the annual financial audit and undertake any actions necessary to remedy any weaknesses that have been brought to their attention.

## Supporting Documents

BLENNZ Asset Register

BLENNZ IT Equipment Replacement Plan

[[Link to MOE Website: Financial Information for Schools](https://www.education.govt.nz/school/funding-and-financials/)](https://www.education.govt.nz/school/funding-and-financials/)

[IRD Website - Managing Depreciation](https://www.ird.govt.nz/income-tax/income-tax-for-businesses-and-organisations/types-of-business-expenses/depreciation/managing-depreciation)

Ratified by the Board: 

Date: 5 May 2023

Next Review: 2026