

## ADMINISTRATIVE PROCEDURE

Business Administration

Tangible Capital Assets

BUS #05

Revised: September 2025

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### Background

Subject to Section 3150 of the Public Sector Accounting Board (PSAB) handbook, this procedure delineates guidelines for recording, tracking, and accounting for tangible capital assets. This procedure will provide guidance for Christ The Redeemer (CTR) Catholic Schools when recording the acquisition, disposal, amortization, and write-downs of tangible capital assets.

A tangible capital asset is a physical resource that delivers the necessary programs for an organization. In accordance with PSAB 3150, tangible capital assets are non-financial assets having physical substance that:

- (i) 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.
- (ii) Have useful economic lives extending beyond an accounting period
- (iii) Are to be used on a continuing basis
- (iv) Are not for sale in the ordinary course of operations

Subsequent expenditures are considered “betterments”. A betterment is a cost that enhances the potential of a tangible capital asset. This includes:

- (i) Increase output or service capacity
- (ii) Increase the life of the asset
- (iii) Lower operating costs
- (iv) Improve the quality of output

### Procedures

1. The valuation of a tangible capital asset should be recorded at its cost, plus additional charges to place the asset in a condition for use. Employees must keep accurate records when purchasing and selling capital assets for reporting purposes.
2. The tangible capital asset will be amortized over its useful life. CTR Catholic uses the straight-line method of depreciation.
3. Employees should adhere to the procurement procedure, which outlines appropriate purchasing practices.

4. Capital assets are continually reviewed for required renovation, replacement, or improvements. These ongoing reviews allow CTR to determine resource allocations required for short and long-term safety and stewardship.

The threshold amount for newly acquired tangible capital assets is \$5,000. Additions that exceed the \$5,000 threshold are capitalized and recorded on the Statement of Financial Position. For betterments, the amount of the cost must be equivalent to or more than 1% of the original cost of the asset. Other expenses that do not fall within the threshold amounts are considered repair or maintenance expenses and should be expensed within the current fiscal year.

**References:**

Public Sector Accounting Handbook Section 3150-Tangible Capital Assets