

Hong Kong Baptist University

Fixed Assets Control Procedures

1 Definition of Fixed Assets

- 1.1 Fixed assets (“FA”) are items of property, fixtures & fittings, plant, equipment and library collections (including those from donations) that are held for teaching, learning, research as well as administrative purposes with an estimated economic useful life of more than one year; and
- 1.2 Individual item with an acquisition cost (other than library collections) or an estimated market value (for items received from donations) of not less than HK\$10,000. Library collections are regarded as fixed assets irrespective of their individual acquisition cost and the quarterly aggregate purchases of library books are capitalised as one "lot" in the accounting book.
- 1.3 For capital works, minor works, renovations and Alterations, Additions, Repairs and Improvements (“Capital Projects and Renovations”, the capitalisation threshold is HK\$200,000 and HK\$1 Million for SCE and the rest of the University respectively.

2 Accounting Policy

- 2.1 An item of asset shall be capitalised as a fixed asset if and only if it fulfils the definition stated in Section 1 above. The acquisition cost of a fixed asset comprises:-
 - (a) its purchased price, including import duties and taxes, after deducting trade discount; and
 - (b) delivery and installation charges and any other costs incurred directly for bringing the asset to the location and condition necessary for its normal operation.
- 2.2 Any loose items or easily replaceable accessories such as computer mouse, keyboard and monitor that operate with the asset defined in Section 1 above should be assessed for capitalisation separately and individually. Assets that are not qualified for capitalisation are recognised as expenses in the year in which they are acquired.
- 2.3 All fixed assets shall be depreciated over their useful life as stated in paragraph 2.4 below using the straight line method. However, if an asset is acquired for a specific research project and the duration of the project is shorter than its useful life as defined in paragraph 2.4 below, the net asset value of the fixed asset shall be fully written off in the year in which the project ends.

2 Accounting Policy (Continued)

- 2.4 Fixed assets are classified into six main categories and their respective useful life and annual depreciation rate are shown below:

Category	Useful Life	Annual Depreciation Rate
Buildings situated on Leasehold Land	50 years or unexpired lease term (whichever is shorter)	2% or over lease term (whichever is shorter)
Building Service Systems and Equipment	20 years	5%
Furniture, Fixtures and Fittings	10 years	10%
Machinery and Equipment (including motor vehicles)	5 years	20%
Computing Equipment and Software	4 years	25%
Library Collection		
Series Collections	10 years	10%
Books and Audio-Visual Supplies	5 years	20%

- 2.5 Monthly depreciation is provided for fixed assets starting from the month of putting in use, assuming the in-use date is the same as the invoice date in straight-forward cases. If the capitalisation month is later than the in-use month, monthly depreciation would be provided for with retrospective effect and the retrospective depreciation would be absorbed in the same month of capitalisation.

3 Fixed Asset Control

3.1 Fixed Asset Controller (“FAC”)

The Head of the acquiring office/department is primarily responsible and accountable for fixed assets under his/her custody and is therefore assumed the role of FAC. A FAC is responsible for ensuring the physical existence of fixed assets in his/her control and co-coordinating all movement of them, including disposal and transfer.

3.2 Capturing of Fixed Asset

- 3.2.1 All records of fixed assets for the University are kept and maintained in the Fixed Assets Module (“FAM”) of Oracle Applications. Asset items charging against specific account codes and paid through the Payables Module (“APM”) are captured by the FAM automatically. FAM will also assign a unique FA number to each FA item upon capitalisation during the course of month-end closing.

3 Fixed Asset Control (Continued)

3.2 Capturing of Fixed Asset (Continued)

- 3.2.2 For library books, the Accounting and Budget Section (“ABS”) of the Finance Office (“FO”) will input the aggregate purchases for each quarter as one lot into the FAM. The physical control of library books is entirely responsible by the Library.
- 3.2.3 For capital projects, the ABS will input the costs of works of completed Capital Projects and Renovation Works into the FAM during the year-end process.
- 3.2.4 After the assignment of the unique FA number mentioned in paragraph 3.2.1 above, the ABS would send the pre-printed labels of those FA numbers with Fixed Asset Confirmation List (“FACL”) to the office/department of which the fixed asset belongs.
- 3.2.5 Upon receipt of the fixed asset label, the FAC or his/her delegate should affix it to the fixed asset in concern, record the location of the fixed asset on the FACL, sign and return the FACL to the ABS.
- 3.2.6 Upon receipt of the returned FACL from office/department, the ABS would update the location of the fixed assets in the FAM.

3.3 Transfer of Fixed Asset

- 3.3.1 When a fixed asset is to be transferred to another office/department, the FAC of the transferor shall complete and sign a “Request for Transfer/Disposal of Assets” (“the Transfer/Disposal Form” which is available at FO website: Staff Intranet > Download Centre > 2.2 Request for Transfer/Disposal of Assets) and deliver the asset to the transferee together with the Transfer/Disposal Form.
- 3.3.2 The FAC of the receiving office/department shall verify the details on the Transfer/Disposal Form against the fixed asset received, sign on the Transfer/Disposal Form to signify the completion of the transfer and send the Transfer/Disposal Form to the ABS for record updating.

3.4 Disposal of Fixed Asset

Please observe the “Policy on the Disposal of Fixed Assets” which is available at FO website: Staff Intranet > Financial Regulations & Procedures > Policy on the Disposal of Fixed Assets.

4 Annual Stock-take Exercise

- 4.1 Each year, a physical stock-take exercise is carried out by the ABS to verify the physical existence of fixed assets.
- 4.2 A number of offices/departments will be randomly selected for the stock-take exercise. Physical stock-take of fixed assets will be performed over a 4-year cycle. In other words, approximately 25% of fixed assets are subject to physical stock-take every year.
- 4.3 A memo together with the Stock-take Procedure, Fixed Asset Stock-take List (“ST List”) and Proforma for the Annual Stock-take Exercise (“Proforma”) will be sent by the ABS to the selected offices/departments in mid-March each year.
- 4.4 Each selected office/department is required to verify the physical existence of fixed assets under its custody. After the stock-take work has been completed by the offices/departments, the ABS will verify, on a random basis, about 5% of the stock-take items reported by the offices/departments.
- 4.5 Explanations will be sought for any discrepancy found during the verification process.
- 4.6 Based on the authorisation of the FAC in the Proforma, the ABS will write off the assets that cannot be located or considered obsolete during the stock-take exercise in accordance with the “Policy on the Disposal of Fixed Assets”.

5 Annexes

Annex 1 - Fixed Asset Confirmation List
Annex 2 - Request for Transfer/Disposal of Assets
Annex 3 - Stock-take Procedure
Annex 4 - Proforma for the Annual Stock-take Exercise
Annex 5 - Fixed Asset Stock-take List

6. Update History

Review Interval: 5 years or as and when needs arise

Updated in:

January 2007
February 2011
June 2016
May 2020

Approved by:

Director of Finance
Director of Finance
Director of Finance
Director of Finance

Finance Office

Hong Kong Baptist University
Asset Additions By Cost Centre Report
Period: DEC-19

Please complete

		Expense		Project/	Custodian	Asset					Date Placed in	Location	
Entity	Fund	CCtr	Account	Programme	Dep't	Number	Asset Category	Asset Description	PR No.	PO No.	Service	Cost	Bldg Code (w/ ref to Bldg Code List) & Rm No.
11	31	xxxx	265110	000000	XXXX	20099999	EQUIPMENT.GEN	Huawei; S6720S-26Q-SI-24S-AC; Switch for distribution, 24 x 10G Ethernet ports w/ one 150w power module	1009999	6009999	28-AUG-2019	16,438.00	
												Grand Total	16,438.00

Note:
Please return the completed list to Finance Office (ABS)

Remarks:
"*" denotes that there are more than one PO/PR/Invoice No/Journal Batch Name/Supplier Name related to the Asset but cannot be displayed.

Confirmed by:

Budget Controller

*** End of Report ***

HONG KONG BAPTIST UNIVERSITY

Request for Transfer/Disposal of Assets

Form No.: _____
(For FO use only)

To: Finance Office (ABS)

☐ Disposal

Custodian
(Dept/Office)

☐ Transfer
From _____ Original Custodian (Dept/Office)
To _____ New Custodian (Dept/Office)

Date: _____

Item	Fixed Asset Tag No.	Asset Description	Current Location	(For transfer only) New Location	PO/RR No.	(For disposal only)		(For FO use only)	
						Acquisition Cost* HK\$	NBV HK\$	FA	Acquisition Account (Fund.CCtr.Project)
1									. .
2									. .
3									. .
4									. .
5									. .
6									. .
7									. .
8									. .

(Please use separate sheet if more than 8 items)

☐ Require physical removal by Estates Office (Available for Kowloon Tong, Kaitak and Tsuen Wan Campuses only)

Reason(s) for disposal:

For inquiry or further information, please contact _____ at ext. _____.

For Computing / IT equipment, please 'tick' the box provided below to confirm your compliance with the "Operational Procedures for Erasing Data Permanently in Hard Drive" (available at https://ito.hkbu.edu.hk/pub/personal_computer_printer/faq/Procedure-DataEraser-HardDrive.pdf) issued by the ITO. If assistance from ITO is required, please call the ITO hotline ext 7899.

☐ The above mentioned procedures issued by ITO have been complied with.

Requested By

Received By (Transferee)

Endorsed By

Budget Controller of Custodian Dept/Office

Budget Controller of Custodian Dept/Office
(For transfer only)Dean / AVP / VP / Provost / P/V
* (Disposal of item with unit cost > \$100,000.00)****Sections below are for EO/FO use only******DISPOSAL ASSESSMENT**

- ☐ Item(s) _____ should be scrapped
- ☐ Item(s) _____ can be traded in (PO number: _____ Trade-in Value : _____)
- ☐ Item(s) _____ new custodian department may be sought through announcement

 Remarks: _____
 FO - PSSS / Date
PHYSICAL REMOVAL

Co-ordinated and Moved By

Confirmed by

EO / Date

Representative of custodian Dept/Office / Date

FA ACCOUNTING RECORD (by FO - ABS)

No. of FA: _____

Checked by / Date

Confirm BC by / Date

Oracle Updated By / Date

**Hong Kong Baptist University
Finance Office**

Stock-take Procedure

1. Departments should base on the Fixed Asset Stock-take List (“ST Checklist”) provided by FO to perform the stock-take. Departments should make use of the Excel softcopy which is located in <http://fohome.hkbu.edu.hk/FASTYY/XXXX.xlsx> to update the result of the stock-take and return the data to Mr. Lumpy Pang at lumpypangkh@hkbu.edu.hk.
2. Department may make use of the Excel softcopy to sort the data to facilitate the performance of stock-take. After sorting the data into convenient sequence, Departments should verify the physical existence of each item on the ST Checklist one by one.
3. For each verified item,
 - (a) a “V” (i.e. “V” for verified existence) should be marked against the item on the ST Checklist;
 - (b) a special label provided by FO (enclosed with this attachment) should also be affixed on the fixed assets; and
 - (c) if the location of the fixed asset is incorrect, please input the new location detail under “new updated location” (Please refer to “Building Code List” as enclosed.)to signify that verification has been done for the particular fixed asset.
4. For items shown on the ST Checklist but cannot be located,
 - (a) every effort should be made to track down the items; and
 - (b) if after due diligence they still cannot be traced, please mark “D” to indicate those items cannot be found.
5. For damaged/obsolete items that are not serviceable, please mark “O” to indicate that the items are damaged or obsolete.
6. For accountability reasons, FO may seek explanations from the department for relatively new items that have been marked as “D” or “O”.
7. For items not on the ST Checklist but you believe they should be classified as fixed assets and the unit cost is over HK\$10,000, please input their details into the ST Checklist. If in doubt, please contact Mr. Lumpy Pang at 3411 5143 or via email as stated above.
8. After completing the stock-take exercise, the following documents should be submitted to FO on or before **DD April 20YY (Thursday)**:
 - (a) the Proforma signed by the Budget Controller (by hardcopy);
 - (b) the signed updated ST Checklist printed from Excel Softcopy (by hardcopy); and
 - (c) the updated ST Checklist Excel Softcopy (by e-mail).

**HONG KONG BAPTIST UNIVERSITY
FINANCE OFFICE
PROFORMA**

To : Finance Office
(Attn: Mr. Lumpy Pang)
From :

Annual Stock-take Exercise on Fixed Assets

I hereby certify that the physical existence of all the items as listed in the Fixed Asset Stock-take List ("ST Checklist") has been verified by my staff and the ST Checklist has been updated to the best of my knowledge. The Finance Office is hereby authorized to proceed with the necessary procedures to dispose of the items that have been marked as "D" or "O" on the ST Checklist.

For computing / IT equipment marked as "D" or "O", I confirm that compliance with the "Operational Procedures for Erasing Data Permanently in Hard Drive" issued by the ITO has been made.

In addition, I would like to nominate the below person to be the departmental coordinator of my department/office in this stock-take exercise:

Name : _____

Ext No. : _____

Email : _____

Signature of Budget Controller : _____

Name : _____

Date : _____

HONG KONG BAPTIST UNIVERSITY
Fixed Assets Stocktake List
FA Book: HKBK FA
Period: FEB-20

Please update
change in location
here

Please update
status here

															Update Location		Status (Valid/Disposed/ Obsolete) (V/D/O)	Unit of FA Checked in Stocktake Exrecise
Custodian Dept	Asset Category	Asset Number	Asset Description	PR No.	PO No.	Invoice No.	Date Place in Service	Project Code	CCTR Code	Fund Code	Exp Account	Number of Units	Cost	Asset Location Per Record	Building Code (w/ ref to bldg code list)	Room No.		
XXXX	COMPUTER EQUIPMENT.GEN	20099997	HP; CP6015dn; Color LaserJet Printer, Q3932A				01-JUL-2012	000000	XXXX	11	375211	1	28,839.00	BURC-AAB.1301				
XXXX	EQUIPMENT.GEN	20099998	Konica Minolta; Bizhub; Digital color copier, High Speed C360, Fax Kit FK-502 (##Trade-in copier)				01-JUL-2012	000000	XXXX	11	331341	1	23,600.00	BURC-AAB.1301				
Total:													2	52,439.00				

For FO stocktake only:

Stocktake on fixed assets verified by
departmental co-ordinator

Stocktake checked by Finance
Office

Date