

# **Hong Kong Baptist University**

## **Policy on the Disposal of Fixed Assets**

### **1. Policy Objectives**

The objectives of this policy are to:

- (a) develop guidelines for the disposal of fixed assets, i.e. any items with original acquisition cost of not less than HK\$10,000 per item;
- (b) define the responsibilities of various offices/departments involved in the disposal process;
- (c) define steps to be performed by the concerned offices/departments; and
- (d) define the treatment of the sales proceeds from the disposal of the fixed assets, if any.

### **2. Review History**

- 2.1 This policy is part of the “Fixed Assets Control Procedures” (the Control Procedures) established in December 2005 when the University adopted depreciation accounting for fixed assets in the 2005-06 financial year. This policy will be reviewed once every 5 years.
- 2.2 Since January 2007, the record keeping of the fixed assets under the policy has been vested in the Accounting and Systems Section (ASYS) of the Finance Office (FO), which was subsequently renamed to the Accounting and Budgeting Section (ABS).
- 2.3 In April 2010, this policy was updated on the part for stock-take procedures.
- 2.4 In February 2011, the section on disposal procedures in the Control Procedures was removed and superseded by this policy.
- 2.5 This policy was updated in December 2019 as part of the routine review.

### **3. Approving Authority**

Director of Finance

### **4. Scope of the Policy**

The scope of this policy covers fixed asset items which include, among others, furniture, fixture and fitting, computer/IT equipment and all other equipment except library books and capital projects.

## 5. Authority for Disposals

As the user departments have better knowledge on the fixed assets under their custody, the authority to write off any fixed assets should be the responsibilities of the budget controller(s) of the user departments (i.e. the custodian departments). However, in order to prevent pre-mature disposal, the disposal of fixed assets with an acquisition cost over \$100,000 per item should be endorsed by:

- (a) the Dean for academic departments; or
- (b) the supervising Associate Vice-President/Vice-President/President and Vice-Chancellor for non-academic offices.

## 6. Disposal Procedures

- 6.1 Before disposing a fixed asset item, it is the responsibility of the user department to try to redeploy the item within the department, transfer it to other departments which may find it useful or donate it to non-profit making organisations. If a new user within the University is found for the item, the disposal will become an "Asset Transfer" and the transferee will be required to sign on the "Request for Transfer/Disposal of Assets" (the "Transfer/Disposal Form" or the "Form") to acknowledge receipt of the asset. The duly signed Form (for the transfer) will be passed to ABS for updating the fixed asset record as appropriate.
- 6.2 If the item being disposed of is computer/IT equipment, the user department should follow 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](https://ito.hkbu.edu.hk/pub/personal_computer_printer/faq/Procedure-DataEraser-HardDrive.pdf)) issued by the Office of Information Technology (ITO). The user department may contact the ITO if assistance is required for complying with such procedures.
- 6.3 If the item to be disposed of can be traded in for a new purchase item, it should be arranged accordingly. The trade-in value, if not payable separately by the vendor, should be used to offset part of the acquisition cost of the new purchase item.
- 6.4 In all cases, i.e. transfer, trade-in or disposal, the user department should complete the Transfer/Disposal Form ([Annex 1](#)) and send the duly completed form to ABS. The transfer/trade-in/disposal shall be approved in accordance with the authority defined in paragraph 5. ABS will update the fixed asset record as appropriate. Editable version of the Transfer/Disposal Form is available at FO website (<http://fohome.hkbu.edu.hk/fopage.html>) >Staff Intranet> Download Centre >2.2 Request for Transfer/Disposal of Assets.
- 6.5 If a fixed asset item to be disposed of has not been fully depreciated, the Purchasing and Support Services Section ("PSSS") of FO may inspect the item and decide whether to sell, trade-in, scrap or try to seek a new user in the University.
- 6.6 For disposal of fully depreciated assets, inspection of the assets may also be performed by PSSS after its assessment of the information given on the Form. After inspection of the fixed assets, PSSS will note down its decision on the Form, inform the user departments of its decision and pass the Form to the Estates Office (EO) if physical removal service of EO is

required. EO will then coordinate with the user departments for physical removal of the fixed assets.

- 6.7 If the disposal fixed assets are to be removed from the Kowloon Tong Campus, Kai Tak Campus or Tsuen Wan Campus of the University and removal service of EO is required, please indicate on the Form by checking the box next to “Require physical removal by Estates Office”. For fixed asset items located outside the three campuses, user departments may have to arrange physical removal by themselves.
- 6.8 If assistance is required from external removal companies, EO will contact those companies to deliver disposal items to landfill at a cost to be borne by EO or the user department subject to size and physical condition of the items with mutual agreement between EO and the user department.
- 6.9 Upon the physical removal of the disposed fixed assets from the premises of the University, EO will note down the date of removal on the Form, co-signed by representative of the user /custodian department, and pass the Form back to PSSS. The Form will be subsequently passed to ABS which will write off the disposed fixed assets from the Fixed Assets Register.
- 6.10 A fixed asset item being disposed of may have very little, if not nil, residual value and PSSS may dispose of the fixed assets by batches for lump-sum proceeds which will be credited to the U-wide Miscellaneous Income account.

## **7. Disposal of Non-Fixed Assets**

Any item with an original acquisition cost below HK\$10,000 per item or not registered in the University’s Fixed Assets Register is defined as a non-fixed asset. If disposal of non-fixed assets is required, user departments shall contact EO directly.



## 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](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/VC  
\* (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

Dept/Office Representative / Date

**FA ACCOUNTING RECORD (by FO - ABS)**

No. of FA: \_\_\_\_\_

Checked by / Date

Confirm BC by / Date

Oracle Updated By / Date