



# FIS INFO

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## Reporting Capital Assets

Under full accrual accounting, as introduced by the Financial Information Strategy (FIS), the acquisition cost of an asset is capitalized and allocated as an expense over the time it is expected to be used.

### *How will the reporting of capital assets be different under FIS?*

One of the most significant impacts of FIS and the introduction of full accrual accounting relates to the reporting of capital assets.

Formerly, the acquisition cost of capital assets was fully expensed in the year of acquisition. *(Cash reports will continue to reflect this approach.)*

Now, the historical cost of capital assets, less accumulated amortization, will be reported on the Statement of Financial Position, and the annual amortization expense will be reported on the Statement of Operations. This means that the department's or agency's Statement of Operations will reflect the portion of capital assets consumed over the course of any given year.

Departmental financial statements will provide better information on the cost of program delivery. Also, more effective stewardship of capital assets will result as managers will focus on asset management because of their increased visibility on the Statement of Financial Position.

### *What are capital assets?*

Treasury Board defines capital assets as being tangible assets that are purchased, constructed, developed or otherwise acquired and:

- (a) are held for use in the production or supply of goods, the delivery of services or to produce program outputs;
- (b) have a useful life extending beyond one fiscal year and are intended to be used on a continuing basis; and
- (c) are not intended for resale in the ordinary course of operations.

Capital assets also have the following characteristics:

- beneficial ownership and control clearly rest with the government;
- used to achieve Government objectives; and
- a per item cost of greater than \$10,000. *(At their discretion, departments or agencies may set a lower value).*

Examples of capital assets include land, buildings, telecommunications equipment, computer systems, vehicles, machinery, and equipment. Capital assets do not currently include intangible assets such as copyrights, trademarks, patents, land easements, and rights of way.

**For more information**, contact your departmental financial advisor or visit the Treasury Board Secretariat Website at <http://www.tbs-sct.gc.ca/fin/fis-sif/>.