

District School Board & School Authority

Tangible Capital Asset Guide revisions

Release no. 9

August 2012

This release should be retained and filed.

This release accomplishes one major purpose:

Update the guide to specify clearly the policy on the capitalization of Land Interest Costs.

Actual interest costs directly attributable to the land purchase or land development projects incurred during the period the land is ready for use will be capitalized as land costs. However, the interest expenses incurred on land acquisitions and land development projects during the building construction period are to be expensed for the period as the land is considered already ready for its intended use.

Revisions have therefore been made to the following areas:

LAND AND LAND IMPROVEMENTS

Updated paragraph .43 to specify that interest costs directly attributable to the land purchase or land development projects incurred during the period the land is made ready for use is to be capitalized with the land costs.

PRE-CONSTRUCTION COSTS AND CONSTRUCTION IN PROGRESS

Corrected paragraph .71 to clearly specify that interest costs incurred on the land and land related development projects during building construction are to be expensed for the period.

Updated paragraph .73 to specify that capitalization of carrying costs on land ceases when no development is taking place on the land.

APPENDIX N – ILLUSTRATIVE EXAMPLES RE: INTEREST COSTS ON LAND

Updated the guide to include illustrative examples of determining the capitalization amounts of different projects