

# Ruling Concerning Management of Fixed Assets

April 1, 2006, Ruling No. 4

## Chapter One: General Provisions

### Article One

(Objective)

1.1 This ruling provides for the clerical procedures concerning acquisition, maintenance, conservation, operation and disposal, etc. of fixed assets provided for in Article 44 of the University of Aizu Regulation Concerning Accounting Policies (2006, Regulation number 77, hereinafter referred to as “Accounting Ruling”).

### Article Two

(Scope of Fixed Assets)

2.1 The scope of fixed assets in this ruling shall include both tangible and intangible fixed assets among those fixed assets provided for in Article 44 of the Accounting Ruling.

2.2 In addition to the fixed assets provided for in the preceding paragraph, movable assets (excluding cash and marketable securities), for which the acquisition price is between 100,000 and 500,000 yen, not categorized as fixed assets that are expected to be in use for at least one year shall be categorized as small-sum durable goods and be managed according to this ruling.

### Article Three

(Definition of Terms)

3.1 The definitions of the terms in this ruling shall be as follows:

- (1) Real estate, etc.: Land, buildings, and usufructuary rights
- (2) Intellectual property rights: Patent rights, utility model rights, trademark rights, design rights and copyrights
- (3) Movable assets, etc.: Fixed assets and small-sum durable goods excluding real estate, etc. and intellectual property rights
- (4) Acquisition: To possess or appropriate a fixed asset or a small-sum article through purchase, production, construction, donation, exchange or investment, etc.
- (5) Improvement: To increase the value and capability of an existing fixed asset, etc. by applying necessary work to operation of the said fixed asset
- (6) Storage: To properly maintain a fixed asset, etc. in accordance with its purpose of

use

- (7) Transfer: To change the affiliation a fixed asset, etc. to another Asset Management Director
- (8) Disposal: To sell, exchange, discard or donate a fixed asset, etc.
- (9) Deregistration: To delete the disposed fixed assets from the asset ledger

#### **Article Four**

(Asset Management Director)

4.1 The Asset Management Director provided for in Paragraph 45.2, Article 45 of the Accounting Rule shall be the following individuals:

- (1) Real estate, etc.: Chairperson of the Board of Executives
- (2) Movable assets, etc. (excluding books): Accounting Chief
- (3) Books: Information Systems and Technology Center Director and Junior College Library Director

4.2 Accidents, etc. provided for in Paragraph 45.4, Article 45 of the Accounting Rule shall refer to the following circumstances:

- (1) There is any vacancy in the position.
- (2) He or she becomes unable to fulfill the Asset Management Director's duties for a long period of time due to leave of absence from work.
- (3) He or she is away from the University for a long period of time for business travel.

#### **Article Five**

(Clerical Matters Concerning Management of Fixed Assets, Etc.)

5.1 The Asset Management Director shall perform the following duties in terms of management of fixed assets, etc.

- (1) Grasp situations regarding usage of fixed asset, etc.
- (2) Maintain and preserve fixed assets, etc.
- (3) Approve lending or disposal of fixed assets, etc.
- (4) Prepare a fixed asset ledger.
- (5) Give instruction and advice on the everyday management of fixed assets, etc.
- (6) Have the Representative User, stipulated in Article 6 herein, conduct a physical inventory of fixed assets, etc. each fiscal year and summarize its results.

5.2 Matters necessary for management of books shall be determined separately.

#### **Article Six**

(Representative User)

6.1 The Representative User shall be the following individuals:

- (1) Real estate, etc. University: Director General of the Administrative Office  
Junior College: Deputy Director General assigned to the  
Junior College Division
- (2) Intellectual property rights: University-Business Innovation Center Director
- (3) Movable assets, etc. Shared use: Room/Facility Manager  
Individual use: Individual users

6.2 Representative Users, following receipt of a fixed asset, etc. from their Asset Management Director, must aim at effective use of it for their and their members' educational and research activities.

6.3 When using fixed assets, etc, Representative Users must observe the following points and administer everyday management.

- (1) Clarify storage and usage conditions.
- (2) Take necessary measures for prevention of accidents such as fire, theft, loss or damage.
- (3) Conduct a physical inventory of fixed assets and report its results.
- (4) Ensure the appropriate use of fixed assets, etc.

### **Article Seven**

(User Responsibility)

7.1 When using fixed assets, etc., users must exercise the care of a good manager under supervision and direction of their Representative User.

### **Article Eight**

(Management Ledgers)

8.1 The management ledgers provided for in Paragraph 45.1, Article 45 of the Accounting Rule shall include the following:

- (1) Fixed asset ledger
- (2) Book ledger
- (3) Lending ledger

8.2 Registration of fixed assets shall be based on separately-determined asset classifications.

8.3 Registration periods of the management ledgers provided for in Paragraph 8.1 above shall be as follows.

- (1) Fixed asset ledger: Five years following deregistration of the relevant fixed assets  
(However, the real estate ledger, etc. shall be retained permanently.)

- (2) Book ledger: Permanent
- (3) Lending ledger: Five years following termination of lending

## **Chapter Two: Acquisition**

### **Article Nine**

(Acquisition and Registration in the Management Ledgers)

9.1 When a fixed asset, etc. is acquired, the accounting manager must promptly report that fact to the Asset Management Director, who must then register the said asset in the fixed asset ledger.

9.2 When a movable asset, etc. is acquired, the Asset Management Director must attach an article label to the said movable asset, etc., immediately following its registration in the management ledger.

9.3 Attaching the article label stipulated in the preceding paragraph shall serve as the notification of acquisition and registration of a movable asset, etc. from Asset Management Director to the Representative User.

### **Article Ten**

(Acquisition Value)

10.1 Calculation of an acquisition value of a fixed asset, etc. shall be in accordance with the following criteria.

- (1) Purchase: Purchase price and associated costs
- (2) Construction: Cost price calculated by appropriate cost accounting
- (3) Donation or investment: Repurchase value
- (4) Exchange: Fair market value (However, if the category and usage purpose of assets are the same in both parties, the acquisition value shall be the book value of the asset given to the opposite party.)

### **Article Eleven**

(Acceptance of Donation or Exchange)

11.1 To accept donation of fixed assets, etc. or exchange fixed assets, etc., the separately-determined procedures must be followed.

## **Chapter Three: Maintenance and Preservation**

### **Article Twelve**

(Repair)

12.1 Receiving a report from a Representative User, the Asset Management Director,

when he or she recognizes doing so as necessary, must conduct a repair to the said fixed asset.

### **Article Thirteen**

#### **(Preservation of Rights)**

13.1 The Asset Management Director, to oppose third-party claims, must register fixed assets such as land and buildings, etc. according to the relevant legal procedures, immediately after they have been obtained.

13.2 When a change to the registration stipulated in the preceding paragraph is needed, the procedure to change must be completed without delay.

### **Article Fourteen**

#### **(Insurance)**

14.1 If a fixed asset is in danger of being damaged by a disaster, etc., the Asset Management Director, when he or she recognizes doing so as necessary, must investigate necessary counter measures such as buying a damage insurance, etc.

## **Chapter Four: Operation**

### **Article Fifteen**

#### **(Usage)**

15.1 Representative Users must always be aware of the users of fixed assets, etc.

### **Article Sixteen**

#### **(Transfer)**

16.1 When a movable asset etc. needs to be transferred, the Asset Management Director receiving the said movable asset must discuss this transfer with the transferring Asset Management Director.

16.2 The transferring Asset Management Director, following completion of the fixed asset transfer, must immediately record the transfer in the fixed asset ledger.

16.3 The transferring party's Asset Management Director must report this change to the Director General of their Administration Office.

### **Article Seventeen**

#### **(Lending)**

17.1 The Asset Management Director may lend others fixed assets, etc. according to the procedures determined separately, if doing so does not conflict with the corporation's business.

Chapter Five: Disposal, Etc.

**Article Eighteen**

(Disposal)

18.1 A Representative User having returned a fixed asset, etc to the Asset Management Director, the Asset Management Director shall both seek a new user for said asset, and consider the need of its disposal.

18.2 In regards to disposal of important assets, as defined in Article 44 of the Local Independent Administrative Agency Act, their disposal must be approved by the Management Council.

18.3 The disposal of fixed assets, etc other than the important assets specified in the previous paragraph must follow procedures defined separately.

**Article Nineteen**

(Loss, Damage, Theft)

19.1 If a Representative User discovers that a fixed asset he or she is responsible for has been lost, damaged, or stolen, he or she must promptly report this fact to the Asset Management Director, investigate the situation, and strive to prevent any obstruction of business operations, or the escalation of damage.

19.2 If the Asset Management Director receives a report, as mentioned in the previous paragraph, in regards to real estate, etc, he or she must promptly report this to the Chairman of the Board of Executives.

**Article Twenty**

(Deregistration)

20.1 An Asset Management Director must promptly deregister any asset to which any of the items below have occurred.

- (1) The asset has been lost due to disaster or theft, etc.
- (2) Ownership of the asset has been lost due to the disposal of the asset.
- (3) The asset is no longer being used due to obsolescence or incompatibility.

**Article Twenty-One**

(Donation)

21.1 The Asset Management Director may donate land not being used by the corporation in the following cases.

- (1) When donating land for the construction, modification, or decommissioning of

national, prefectural, or municipal roads.

(2) When donating land for the construction, modification, or decommissioning of public water supply and sewage, etc.

## Chapter Six: Fixed Asset Accounting

### **Article Twenty-Two**

(Construction in Progress Account)

22.1 All payments made for new construction, additions, or modifications based on construction contracts, must be recorded as Construction in Progress. After the business purpose has been fulfilled, it shall be transferred without delay to the appropriate accounts.

### **Article Twenty-Three**

(Capital Expenses and Repair Costs)

23.1 Payments required to improve the function of a fixed asset, or to extend its useful life shall be added to the price of that fixed asset.

23.2 Payments made for the maintenance and preservation of a fixed asset shall be accounted as repair costs.

### **Article Twenty-Four**

(Depreciation Method)

24.1 The depreciation of depreciable assets shall begin in the month in which the use of an acquired asset begins.

24.2 Calculation of depreciation shall use the straight line method.

24.3 The residual value shall be the memorandum price for tangible fixed assets shall and zero for intangible fixed assets.

24.4 The standard useful life of fixed assets for the purposes of depreciation shall be as provided in the Corporation Tax Act. However, the usable life of depreciable assets acquired for specific research purpose through commissioned research funding, etc, shall be the length of the relevant research. Further, the usable life of second-hand assets acquired by donation, etc shall be calculated with the simple method provided by March 31, 1965 Ministry of Finance Order 15, the “Ministerial Order on the Usable Life, etc of Depreciable Assets.”

24.5 For other assets with no particular regulation, accounting principles based on applicable laws, ordinances, and regulations shall be followed.

### **Article Twenty-Five**

(Devaluation)

25.1 In the case that the predicted usable life of a fixed asset has been significantly reduced by unforeseeable external factors such as the creation of new technology, the article must be depreciated as required by the situation.

25.2 When a physical fixed asset has been lost through incidental circumstances such as a disaster or accident, its book value must be reduced.

**Article Twenty-Six**

(Physical Inventory)

26.1 A Representative User must, based on separately provided procedures, carry out a physical inventory of tangible assets in his or her jurisdiction, determine if they are being property managed, verify the accuracy of register entries, and report these results to the Asset Management Director.

26.2 Notwithstanding the previous paragraph, when the Asset Management Director has recognized the necessity, he or she may request the Representative User to carry out an inventory and report its results at any time.

26.3 When a Representative User has recognized a discrepancy between the management register and the article in question, he or she must investigate the cause and report it to the Asset Management Director while also developing preventative measures for the cause of the discrepancy in order to prevent its reoccurrence.

Chapter Seven: Impairment Loss Accounting

**Article Twenty-Seven**

(Scope of Application)

27.1 The application of impairment loss accounting standards will be as provided for in “local independent administrative corporation accounting standards’ as well as ‘commentary on local independent administrative corporation accounting standards for the impairment of fixed assets’ related to the impairment of fixed assets” and in this chapter.

**Article Twenty-Eight**

(Exclusion from Application of Impairment Loss)

28.1 Impairment loss accounting standards do not apply to the following fixed



assets.

- (1) Articles with acquisition prices less than 5 million yen
- (2) Articles with year-end book values less than 500,000 yen
- (3) Articles listed below with acquisition prices less than 50 million yen and usable lives of less than 10 years
  - A. Machinery and devices, tools and equipment, motor vehicles and transportation equipment
  - B. Intangible assets (Depreciable assets only.)
- (4) Replaceable works of art and collections
- (5) Books
- (6) Shared articles, among the following structures
  - A Gardens and greening facilities
  - B Ponds, wells
  - C Retaining walls, archery/firing ranges, wharfs
  - D Signage
  - E Bulletin boards
  - F Curbs

### **Article Twenty-Nine**

(Duties of the Asset Management Director)

29.1 In order to apply the asset impairment accounting standards, the Asset Management Director shall carry out the following duties.

- (1) Direct the Representative User to create an asset use plan when a fixed asset to which impairment accounting standards apply, as provided for in Articles 27 and 28, has been purchased,
- (2) Direct the Representative User to conduct an investigation every fiscal year into whether there is any indication of impairment, and determine whether or not there is any indication of depreciation.
- (3) If an indication of impairment is found in the investigation mentioned in the previous item, decide whether or not to recognize the impairment
- (4) When recognizing the impairment, measure the amount of impairment and record it in the fixed asset ledger.

29.2 The Asset Management Director must bear the impairment loss of fixed assets recognized as having been impaired.

29.3 Notwithstanding the previous paragraph, in the case that the Representative User must bear the impairment loss, the Asset Management Director must require the

Representative User to bear that impairment loss.

### **Article Thirty**

(Duties of the Representative User)

30.1 When it is believed that there is an indication of the impairment of a fixed asset, the Representative User must notify the Asset Management Director of that fact.

30.2 The notification in the previous paragraph shall be carried out based on the investigation mentioned in item 2, paragraph 1 of the previous article, or in any case in which the user of a fixed asset has recognized that there may be an indication of impairment, etc.

### **Article Thirty-One**

(Duties of Users)

31.1 Users of fixed assets must cooperate with the investigation by the Representative User mentioned in Article 29, Paragraph 1, Article 2.

31.2 Other than in the previous paragraph, the user of a fixed asset must notify the Representative User if they believe impairment of said fixed asset may have occurred.

### **Article Thirty-Two**

(Methods, Etc. Concerning Impairment Loss Accounting)

32.1 When impairment has been recognized, the difference between the book value of a fixed asset and its recoverable service amount must be impaired without delay.

32.2 In regards to fixed assets which have been impaired, after considering the need to review the useful life of the asset, the asset it must be depreciated based on its post-impairment the book value.

Chapter Eight: Other Matters

### **Article Thirty-Three**

(Borrowed Assets)

33.1 Fixed assets borrowed by the corporation shall be handled in an equivalent manner to fixed assets, including the creation of a management ledger, etc. However, this may be omitted in the case of temporary use.

Chapter Nine: Miscellaneous Provisions

### **Article Thirty-Four**

(Authority Delegation)

34.1 The Director General of the Administrative Office shall provide for any items necessary for the implementation of these regulations.

**Article Thirty-Five**

(Revision and Discontinuation)

35.1 Revision and discontinuation of these regulations shall be carried out by the Chairperson of the Board of Executives.

ADDITIONAL PROVISIONS

1. This ruling shall be in effect as of April 1, 2006.

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1. This ruling shall be enforces as of April, 2009.

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1. This ruling shall be in effect as of March 31, 2007.