Walchand Institute of Technology, Solapur

Fixed Asset Write off Policy

Guidelines, Policies and Procedures

1. **Purpose:**

1.1. This policy defines the criteria and circumstances under which Fixed Assets should be written off and/or disposed and process to be followed to write-off the fixed assets.

1.2. Fixed assets should be written-off and/or disposed whenever they:

1.2.1. Are replaced;

1.2.2. Become technologically obsolete and/ or operationally inefficient or unserviceable and/or beyond economic repair;

1.2.3. Become surplus/redundant (to current or immediate foreseeable needs)

1.2.4. Are lost, stolen or misplaced.

2. **Scope:**

2.1. The policy is applicable to all units/departments of Walchand Institute of Technology, Solapur (WIT, Solapur). The word WIT, Solapur is herein referred to as the "Institution".

3. **Responsibility:**

3.1. The various units/departments of the institution are responsible for this policy under the administrative control of principal of the institution.

4. **Terms and Definitions:**

4.1. **"Fixed Assets"** Those assets which directly or indirectly contribute towards the operation of the institution which are purchased as fixed assets and have a life of more than two years or completion of warranty period whichever is higher. The fixed assets include machinery & equipments, computers, vehicles, furniture, books etc. For an asset to qualify as fixed assets, it must satisfy the following conditions:

4.1.1. **Economic Useful Life**: The useful life of assets must be more than two years. The economic useful life of the fixed asset shall be decided by the respective unit/department.

4.1.2. **Value**: Purchase cost or initial cost of the fixed assets must be at least equal to Rs. 10,000/-.

4.1.3. **Tangible Asset**: Must have physical substance, adequate size (separately identifiable) and individuality to permit identification;

4.2. "**Unserviceable or beyond economic repair":** An asset becomes unserviceable, if it cannot be repaired due to extensive damage or due to any other technical reason. In case it can be repaired by incurring less than 50% of the replacement cost of the asset and the economic life of the asset can be enhanced by at least 3 years, then the asset should be repaired. If the cost of repair is beyond 50%, then the asset will be classified as being beyond economical repair and will be written-off.

4.3. **"Technologically obsolete and operationally inefficient":** An asset becomes technologically obsolete, if it is in use for at least 5 years and a similar new asset provides 30% higher output (in terms of units, better images or additional features) compared with the existing asset. *An asset becomes operationally inefficient if the output of the asset in terms of quality and quantity has deteriorated i.e. asset is no longer producing required level of output.*

4.4. **"Surplus/redundant asset":** Any functional asset no longer in use or will not be used in next three years, will be considered as surplus / redundant asset.

5. **"Theft / Lost / Misplaced":** If an asset is misplaced from the department should be treated as theft / lost / misplaced and incidence report should be initiated by the user department. However to declare asset as **Theft / Lost / Misplaced,** it is mandatory to complete a predefined procedure.

6. **Authorization:**
Authorized Head of the Department/Registrar/Finance Officer/TPO/Workshop Head/ Librarian/Heads of Central Facilities/Lab in charge should initiate the process for the Write-off.
For all above the approval from the management/Governing Body is mandatory.

7. **Procedure:**

8.1 No asset shall be written off during warranty period.

8.2 General : The procedure to be followed for write-off shall be as under

8.2.1. The concerned unit in charge shall report to respective head for write off on account of one of the above mentioned in **point no. 4 ,** in prescribed format.
8.2.2. Head shall review the requisition & forward to principal with his comment confirming or otherwise.
8.2.3. On receipt of such requisition for Write-off, Principal shall approve/reject the requisition.
8.2.4. On receipt of approval from statutory body, the principal shall complete the process of write-off with necessary documentation.
8.2.5 Store to receive such approved write-off and acknowledge the same for further disposal.

8.3 The Store is responsible and shall coordinate with the concerned department for the collection of the old asset.

8.3.1 The store is responsible for Disposal and will keep the inventory of all the assets collected from various departments for disposal until these fixed assets are finally disposed-off.

8.3.2 The store is responsible for Disposal and shall inform respective department and accounts Section of institution regarding the fixed assets disposed-off on the basis of which, Store section and concerned unit/department shall write off the fixed assets from the dead stock register.

8. **Review of Policy:**

This policy document shall be reviewed every **three to five years** or as required. To review write-off policy, a committee shall be constituted, including the representative/s of the management.