

FIXED ASSETS GUIDE (For Financial Reporting Purposes)

1. PURPOSE

The purpose of this guideline is to establish procedures for the Company's fixed assets management. This is to ensure:

- i. The existence of a uniform format and method of preparing and submitting request for fixed assets acquisitions and disposals;
- ii. All fixed asset purchases and disposals are properly authorized, recorded and assigned a depreciation life; and
- iii. That the costs of using fixed assets are adequately matched with the benefits generated from their use.

2. SCOPE

The processes in this manual cover significant procedural aspects of the Company's fixed assets guide including acquisition, depreciation, maintenance and disposals.

3. DEFINITION

'Fixed Asset' is defined as those assets that provide benefit to the Company extending beyond 12 months. Fixed assets are durable and subject to depreciation over their expected/estimated useful life with the exception of lands, which usually appreciate. Fixed assets shall include office equipment, computer equipment (hardware and software), furniture, fixtures and fittings, motor vehicle, renovation works, general equipment and/ or machinery and tools and equipment.

'Depreciation' is the measure of the wearing out, consumption or other loss in value of fixed asset whether arising from use, passing of time or obsolescence through technology or market changes.

'Accumulated Depreciation' is the total amount of depreciation charged against income for an asset at the end of an accounting period and it does not reflect true losses in the market value of an asset.

'Net Book Value' is the fixed asset cost less accumulated depreciation.

4. FIXED ASSET ACQUISITION

All acquisition of fixed assets must be approved by the Executive Director.

For fixed assets value above RM50,000, such acquisition must be supported by the Fixed Assets Requisition Form.

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5. CAPITALISATION THRESHOLD

The Company establishes RM1,000.00 as the threshold amount for minimum capitalization. Any items costing below this amount should be expensed in the Profit or Loss Account.

6. MAINTENANCE OF FIXED ASSET REGISTER (FAR)

The Fixed Asset Register shall be maintained by the Company's Finance Department. It contains the details of each asset from all asset groups. The total Net Book Value (NBV) of fixed assets generated by the FAR must be in agreement with the total value of fixed assets as reflected in the Balance Sheet of the Company. FAR is kept to facilitate monitoring and control of assets in used and should be checked that it tallies with both accounting records and physical assets concerned.

The FAR shall be reviewed annually by the Executive Director, to ensure the document is accurate and up to date.

FAR can be maintained on an Excel format and should have the following details:

- i. Acquisition Date
- ii. Description of Assets
- iii. Class of Assets
- iv. Cost of Acquisition
- v. Accumulated Depreciation
- vi. Net Book Value

7. FIXED ASSETS DEPRECIATION

Depreciation charges:

- The Company has established the straight-line methodology for depreciating all fixed assets.
- The depreciation of fixed assets purchased specifically for the use of office will be charged on a straight line basis to the administrative overhead expenses.
- The depreciation of fixed assets specifically purchased for a particular project will be charged on a straight line basis as a direct cost to that project.

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- Depreciation shall be charged commencing from the month in which the asset is purchased or fully installed.
- No depreciation shall be charged in the month of disposal asset.
- For transfer of asset, depreciation shall be charged to the transferred department in the month of transfer.
- A monthly depreciation calculation worksheet for all Fixed Assets categories shall be prepared to update the General Ledger.

8. DISPOSAL OR WRITTEN OFF OF FIXED ASSETS

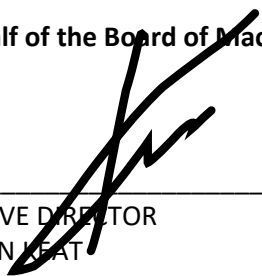
- i. Disposal or written off of fixed asset shall take place when the asset is:
 - Obsolete or Expired;
 - Damaged;
 - Donated to beneficiary;
 - Stolen;
 - Lost; or
 - Trade-in for new asset/s.
- ii. An Incident Report would also be required to be completed for assets that were damaged, stolen or lost.
- iii. The Company may trade-in its existing fixed asset for a new one when the asset is:
 - Obsolete;
 - To be improved/upgraded due to inefficiency;
 - Not operating well; or
 - Damaged.
- iv. Disposals shall be at market value.

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Invoice substantiating an acquisition cost of each unit of the fixed asset shall be retained for up to seven (7) years.

This policy has been endorsed by the Executive Director of the Company.

On behalf of the Board of Macpie Berhad



EXECUTIVE DIRECTOR
KOO KIEN KEAT

Effective date 1 March 2021