Dear Colleagues,

Over the past years, Transparency International Bangladesh (TIB) has significantly grown both programmatically and institutionally. We have the distinction of being the largest chapter of TI in the world implementing multi-dimensional and robust programmes. This means that we are handling larger and newer resources, projects, staffs, partner and vendors. With this growth, the policies and procedures related to Property & Stores have required updating and amendments to ensure the high standards of transparency and accountability that TIB is known for, and is expected to be. Our main objective is to ensure that our property & stores management, decisions and activities related to it represent highest standards of economy, efficiency and effectiveness.

What follows here is the amended and updated version of TIB Property & Stores Manual approved by the Board of Trustees of TIB at its 87th meeting held on 19 April 2016. All relevant members of the staff at all levels and locations are expected to be conversant with the provisions of this manual and to fully comply with the same. The Board and management hope that the policy will be fully enforced without any exception so that the underlying responsibility and accountability framework are strictly observed.

Dr. Iftekharuzzaman
Executive Director
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SECTION A. FIXED ASSET POLICY

1. Introduction

Fixed asset policy encompasses all strategic and operational activities from identification, recognition to record and maintenance of fixed assets. The purpose of this policy is to set forth the guidelines for the physical and reporting control of TIB’s asset, including accountability over the donors’ assets, meeting financial reporting needs and generating asset management information.

2. Objective of the policy

The basic objective of this policy is to define and describe a set of standard procedures and policies necessary to ensure that fixed assets are acquired, safeguarded, controlled, disposed of and accounted for in accordance with TIB policies, national and international regulations, audit requirements and generally accepted accounting principles. This policy is intended to describe the standard policies required for:

- methodology of recognition of fixed assets;
- measurement and recording of new assets;
- recognition, measurement and recording of addition to the existing fixed assets;
- proper charging of depreciation to the fixed assets;
- revaluation of fixed assets;
- safeguarding and responsibility over the assets;
- transfer and disposal policies and procedures;
- derecognition of fixed assets; and
- disclosure of assets in the financial statements.

3. Scope of the policy

Fixed asset policy relates to everything from the acquisition of the fixed asset to the disposal of the fixed asset. TIB follows same basic procurement policies and procedures as mentioned in the Operations and Management Manual for the purchase of fixed assets as it does for the purchase of any other goods or services. This policy is developed and described the recording mechanism, maintenance and disposal procedures of fixed assets.

4. Users/Audience of this policy

Fixed assets policy is solely for TIB and except the permission of TIB this policy should not be distributed to parties other than TIB. As such this policy should only be distributed to the following:

- All TIB offices nationally
- All projects of TIB
5. Definitions

**Fixed assets**

Fixed assets are those assets which are used to carry on the primary mission of TIB to catalyze and strengthen a participatory social movement to raise and strengthen voice and intensify demand for accountability through strengthening institutions, laws and practices and establishing an efficient and transparent system of governance, policies and business. Fixed assets are those:

- acquired for use in business operation and not for resale
- long-term in nature and usually subject to depreciation (except for land)
- provide benefit to the organisation for more than one year
- possess physical substance
- items which meet the recognition criteria of fixed assets

**Recognition**

Recognition (i.e. capitalisation) refers, in respect of an asset, the identification as a balance sheet item. The addition to the balance sheet of an amount in respect of an asset which has come into the possession of TIB, whether through purchase or donation of a Gift in Kind.

**PPE in progress**

Items representing Fixed Assets in Progress are not entered into the fixed assets system until all the related activities to make the assets in a usable condition/recording of expenses is completed.

**Expenses**

Full cost of the item charged in the profit & loss account during the year of purchase as the items do not meet the criteria of assets recognition.

**Carrying amount**

Purchase cost (or revalued amount) of a fixed asset less the accumulated depreciation on that fixed asset

**Accumulated depreciation**

Total accumulated amount of depreciation charged to the income and expenditure account to reflect the use of the asset by the organisation. Value of the fixed asset on the balance sheet is reduced by the amount of accumulated depreciation.

**Depreciation**

The charge made to the income and expenditure account in each month to reflect the use of the asset by the organisation during the period.
**Depreciation rate**

The amount of depreciation is determined by dividing the cost by its useful life.

**Useful life of assets**

The period of time (reported in months/years) for which TIB is expected to receive benefit from the asset. Asset life is generally determined by past practice of TIB and other development organisation and applicable standards.

**Capital grant for capex**

Funds given to TIB by donors, subject to complying with any terms and conditions attached to the grant, to purchase specific fixed assets.

**Net Realisable Value (NRV)**

Net cash proceeds/other consideration receivable if an asset is disposed.

**Intangible assets**

An identifiable non-monetary asset without physical existence, such as software licenses and other assets and having an economic useful life is more than one year.

**6. Categories of fixed assets**

Fixed assets are classified into five broad categories:

- Land & building
- Furniture & fixture
- Office equipment
- IT Equipment
- Motor vehicle

**Intangible assets**

- Software

**Land & building**

Land are real estate and without any land improvement. Building comprises freehold and long term lease hold building.

**Furniture & fixture**

All type of office furnishing. A list of items of furniture & fixture is attached in annexure -6.
Office equipment

Item such as air condition, lifts, fax machine generator etc. A list of items of office equipment is attached in annexure -6.

IT Equipment

All types of IT equipment including computer, laptop, IPS, UPS, multimedia projector etc. A list of items of IT equipment is attached in annexure -6.

Motor vehicle

Item such as bicycle, motor bike, car, microbus, pick-up van and any other type of motor vehicle. A list of items of motor vehicle is attached in annexure -6.

Intangible assets

Item which has no physical existence (such as software and other assets) and which will have an economic useful life more than one year. Intangible assets will be shown separately from fixed assets under the board head of non-current assets.

7. Recognition of fixed assets

An asset will be recognised as fixed assets, when all of the following criteria are satisfied:

- it is probable that future economic benefits associated with the item will flow to the entity;
- the cost of the item can be measured reliably;
- useful life is more than one year;
- held for use;
- it passes the materiality test( that is considered by management to be material to recognise as fixed assets) ; and
- Satisfies the criteria of recognition threshold.

8. Recognition threshold

An asset will be treated as capital asset when it meets the following criteria:

- Authorised and approved expenditure of BDT 5,000 or more (including VAT) for an item which meets the definition of a fixed asset, The asset should be recognised on the TIB’s balance sheet as fixed assets; and
- Costs of enhancements (not repairs and renewals), which significantly extend the life of the asset or provides additional benefits.

Following expenditures are not eligible for the recognition:

- Asset costing below BDT 5,000 (recorded as non-consumable item (in P&L account) should be included in the non-capital asset register/inventory register;
- Any research cost.
9. Measurement at recognition

An item of asset eligible for recognition as fixed asset will be measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the assets. The cost asset includes the following:

- the cost of materials and direct labor;
- any other costs directly attributable to bringing the assets to a working condition for their intended use (including VAT); and
- when the organisation has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located.

10. Depreciation policy

Depreciation is the allocation of the total acquisition cost of fixed asset over its estimated useful life to reflect its usage over time. Depreciation is charged against fixed assets except land over the expected useful life of the asset to reflect the usage of the asset over time. Land is considered to have an unlimited useful life and its salvage value is unlikely to be less than its acquisition cost. Items of fixed assets are depreciated on straight line basis in profit or loss over the estimated useful lives of each component. For addition to fixed assets, depreciation is charged from the month of recognition and no depreciation is charged in the month of disposal. All tangible fixed assets, other than Fixed Assets in Progress must be depreciated on straight-line basis over their useful lives (recognised cost divided by useful life) as follows:

- Building 50 years (i.e. @ 2% p.a.)
- Furniture & fixture 5 years (i.e. @ 20% p.a.)
- Office equipment 5 years (i.e. @ 20% p.a.)
- Motor vehicle 5 years (i.e. @ 20% p.a.)
- IT equipment 3 years (i.e. @ 33% p.a.)

Fixed assets should be disclosed in the financial statements at the net book value, which represents historical cost (plus any revaluations or capital expenditure) less accumulated depreciation and impairment losses.

11. Amortisation of intangible

Intangible assets should be amortised over the expected useful life of that asset. Intangible assets should be disclosed in the financial statements at the net book value under non-current assets, which represents historical cost (plus any revaluations or
capital expenditure) less accumulated amortisation and impairment losses. All intangible assets must be amortised on straight-line basis over the three years (i.e. @ 33% p.a.) of their useful lives (recognised cost divided by useful life).

12. Recording of fixed assets

Fixed assets are classified and recorded under sufficient sub-group into five broad categories. Each and every item of fixed asset will be kept with a unique identification number separately under the sub-group head in the fixed assets register. When the part of an item of fixed assets has different useful lives, they are accounted for as separate items of fixed assets.

A clear distinction should be made between capital expenditure and maintenance cost of assets. Only costs eligible for recognition should be entered into the balance sheet. Costs must be allocated against individual fixed asset. The cost of the asset includes the purchase price (including import duties and nonrefundable taxes) and any other direct attributable costs of bringing the asset to working condition. Discounts received should be deducted from the total cost. Expenditure on enhancing a fixed asset already recognised in the balance sheet should be added to the carrying amount where the expenditures meet the criteria of recognition.

Cost incurred to keep a fixed asset in its normal operating condition that do not extend the original useful life of the asset or increase the assets’ future service potential are charged in the profit and loss account as expenses.

12.1 Recognition of fixed assets addition

Periodical capital expenditures budget of a project includes a list of capital expenditure to be undertaken during the next financial period. The approval of the budget serves as authorization for all capital expenditures. Additional capital expenditures not budgeted for must be approved by the donor/trustee in advance. However, all costs relating to the costs of purchase, applicable VAT, carrying costs, costs of installation and restoration etc. should be recorded in Fixed Assets in Progress account and then after completion of all cost, the assets are transferred to fixed assets.

A. Fixed assets purchased by TIB using general fund for its own use:

Where the fixed assets are purchased by TIB using its general fund for its own use, these purchased assets should be recognised if the recognition criteria in above is fulfilled. In such case any of the following two entries will be passed:

i) For recording of the assets prior to recognition if the risk and reward relating to the assets not transferred to GF-TIB:

```
Fixed Assets in Progress account- GF          Debit
Bank/Account payable/Advance to vendor account-GF  Credit
VAT payable - vendors account                 Credit
Tax payable - vendors account                 Credit
```
ii) For recording of the assets as a fixed assets if the risk and reward relating to the assets transferred to GF-TIB:

- Fixed assets account- GF  Debit
- Fixed Assets in Progress account- GF  Credit

B. **Fixed assets purchased by TIB using project fund:**

Where the fixed assets are purchased by TIB using any project’s fund for use by the project, these purchased assets should be recognised if the recognition criteria in above is fulfilled. In such case any of the following two entries will be passed:

i) For recording of the assets prior to recognition if the risk and reward relating to the assets not transferred to the project:

- Fixed Assets in Progress account-Continuing project  Debit
- Bank/Account payable/Advance to vendor account-Continuing project  Credit
- VAT payable - vendors account  Credit
- Tax payable - vendors account  Credit

ii) For recording of the assets as a fixed assets if the risk and reward relating to the assets transferred to the project:

- Fixed assets account- Continuing project  Debit
- Fixed Assets in Progress account- Continuing project  Credit

Another journal entry should be passed for purchase of assets from using the project fund:

- Grants received in advance account  Debit
- Capital grant for capex account  Credit

**Recognition of depreciation on fixed assets:**

Depreciation of fixed assets will be calculated and charged on monthly basis as per depreciation rate and depreciation policy. The amount of depreciation expense will be claimed as an income by adjusting Capital grant for capex account. The following entries will be passed in this regard:

- Depreciation expense account  Debit
- Accumulated depreciation- specific assets account  Credit
  (For charge of depreciation of fixed assets)

- Capital grant for capex account  Debit
- Grant income account  Credit
  (For the amount of depreciation expense claimed as an income)

**Recognition of amortisation of intangible assets:**

Amortisation on intangible assets will be calculated and charged on monthly basis as per amortisation rate on intangible assets and amortisation policy. The amount of amortisation
expense will be as an income by adjusting Capital grant for capex account. The following entries will be passed in this regard:

For amortisation of software journal entry will be passed:

- Amortisation expenses account Debit
- Accumulated amortisation expense account Credit
- Capital grant for capex account Debit
- Grant income account Credit
  (For the amount of amortisation expense claimed as an income)

12.2 Repair and maintenance in capital expenditure

Costs of repairs and maintenance which significantly extend the life of the asset or provides additional benefits should be recognised under the specific fixed assets and the following journal entry should be passed:

- Fixed Assets in Progress account-Continuing project/GF account Debit
- Bank/Account payable/Advance to vendor account- project/GF account Credit
- VAT payable - vendors account Credit
- Tax payable - vendors account Credit

The costs of repairs and maintenance which do not extend the life of the asset or provide additional benefits should not be recognised and the following journal entry should be passed:

- Repair & Maintenance expense account Debit
- Bank/Account payable/Advance to vendor account- project/GF account Credit

12.3 Revaluations

Only land and buildings may be revalued. The revaluation must be based on the market value of the assets by the independent professional Valuation Expert in every five years. Whenever assets are revalued at a price higher than cost price depreciation will be charged on a monthly basis on the revalued amount of the assets.

13. Maintenance of fixed assets

Maintenance of fixed asset is needed for providing accurate method of identifying asset; aiding the annual physical inventory and controlling the location of all physical assets.

Types of maintenance procedures to be applied:-
- Recording in the system
- Asset register
- Asset identification number and tagging
- Periodic checking of system
- Responsibilities of fixed assets
- Insurance coverage for asset
• Continual update of the system
• Periodic verification of asset

13.1 Recording in the system

Every transactions related to the fixed asset must be recorded in the system in a timely manner. Recording delay will create mismatch between physical existence of the asset and record of the system. When purchasing the item full costs of the assets procured should be recorded as the account payable and payment on such will be made by finance department as required.
Following normal GL interface

At month end

List of PPE-in-progress prepared

Test of assets capitalization criteria

Preparation of list of items accepted or rejected as fixed assets

List of items rejected as fixed assets treated as non-consumable

General Ledger
Invoice recorded in GL as per its distribution in PPE-in-progress

Fixed capitalizing assets journal

Fixed assets module (assets that passed the recognition test)

Account payable
Invoice of vendors, VAT and others for fixed assets purchase
Monthly process carried out by Manager-Fixed assets

Entry for invoice value, VAT, other directly attributable to expenditures of each asset should be passed through Accounts Payable and PPE-in-Progress and then normally get a GL code. At the end of the month the Manager should prepare a list of PPE-in Progress and test all the asset to determine whether it should be recognised or not. After testing the recognition criteria for all assets, two different lists should be made- one for asset that is accepted as fixed asset and another- that is rejected as a fixed asset. Asset that is accepted as fixed asset should enter in the Fixed Asset Module. Journal entry should be passed for the recognised asset by the responsible person. Then again it will get a GL code as Fixed Asset. Assets rejected from the recognition criteria will be treated as non-consumable assets. A list of Non-consumable items should be maintained by the Fixed Asset manager. An internal generated code for these assets should also be maintained and that number should be attached with the particular non-consumable asset.

13.2 Fixed assets register

All assets falling under the recognition criteria must be recorded in the asset register. The asset register must contain the following information:

- Serial number
- Asset description
- Date of purchase
- Cost price
- Department in use
- Location
- Suppliers name
- Model/type of assets
- Asset category
- User name
- Useful life
- Depreciation
- Written down value

Fixed Assets module is the software used to record and track fixed assets and provides management with the information to effectively manage and control its fixed assets. Updating the fixed assets system on a timely basis to record changes in the location, condition, costs, model number, serial number etc about the fixed assets is the responsibility of the Manager-Fixed assets.

Fixed Asset Receiving Number (FARN)

It works as interfacing document between system and asset register. The document will generate a unique number which will link the system and asset register. Please see the annexure-2 Fixed Asset Receiving Number (FARN).
13.3 Asset identification number and tagging

Each asset must be given a unique number. The number is automatically generated from the system at the time of recording the asset in the asset register. This identification number is to be physically attached to each asset. The principles to be followed in this regard are as:

a. Each asset should have an identification number and should be tagged unless it is not physically practicable.
b. Tag should be based on type of assets, location, and numbers of assets.
c. Tags should be placed consistently in the same location on each type of similar asset.
d. Tag should be accessible for viewing.
e. Recognised asset should be recorded in asset register.

Some assets need not to be tagged- Buildings, land, Land Improvements, software etc.

Caution: Do not tag artwork, sensitive technical equipment, or other items where tagging will affect its function, value, or the ability to return it under warranty. A file for all untaggable capital assets must be maintained by the Fixed Assets Coordinator.

Asset identification and tagging is important for-
1. Providing accurate method of identifying asset;
2. Aiding the annual physical inventory;
3. Control the location of all physical asset;
4. Aiding maintenance of fixed asset.

Please see the annexure-1 Fixed Assets Register.

Use of tag number:

TIB will follow the following system of tagging for the fixed assets:

Organisation / Project / Location / Group / Sub-Group / Serial number
TIB / PDC /DHK / FF / CH – 00001

Location of the assets will be determined by any convenient three letters of the location (i.e. THO, DHK, RAJ, SAV etc. Users of the assets will be determined based on the designation of the users.

* The annexed code of fixed assets may be revised by the finance and administration division through an office order upon considering the necessity. Please see the annexure-6 Fixed assets code number.

13.4 Periodic checking of system

The purpose of this is to ensure the accuracy of accounting records. Periodic checking of the entries passed should be done through a checklist which must be prepared by, checked by and reviewed by different personnel. It will be helpful if checking is done monthly. Periodical cross checking among Fixed assets in progress, Fixed assets
Register and physical assets should be done by Manager – Fixed Assets. Please see the annexure-3 Asset Record Checklist.

13.5 Responsibilities of fixed assets

The responsibility for adequate maintenance and securing of any asset is under the control of Finance and Administration Division. The overall accounting control of assets including the asset register must be exercised by a manager who will determine the appropriate records, charges depreciation for the use of such assets and other incidental matters in consultation with the Head of a Finance and administration Division. The Head of Finance and administration Division is responsible for an annual inventory count of all fixed assets.

13.6 Insurance coverage for asset

All recognised fixed assets items must be insured. TIB must ensure that adequate preventative mechanisms are in place to eliminate theft, losses, wastage and the misuse of fixed assets.

13.7 Continual update of the system

Fixed assets register (software) should be updated for additional fixed asset on acquisition, transfers, sale of surplus, disposal, and loss and for any other required modification. Accounting treatment for charging of depreciation should be made in the accounting software (AccPac) manually. Recording delay may result in mismatch between physical asset and fixed asset register. As a result amount of depreciation may not be accurate.

The overall accounting control of assets including the asset register must be exercised by the Manager-fixed assets who will determine the appropriate records, charges for the use of such assets and other incidental matters in consultation with the Senior Manager-Finance and Accounts.

13.8 Periodic verification of asset

Manager-Fixed Asset is responsible for an annual inventory count of fixed assets at TIB Head Office level. Fixed Assets Custodian is responsible for conducting annual inventory counting of fixed assets at CCCs which are under his/her control. Custodian is responsible for ensuring that the information regarding the asset is correct and updating the fixed asset registers to reflect changes. List of fixed assets which has been verified by the custodian should be signed by him/her on the date of counting and approved by his/her reporting line supervisor after reviewing the inventory and certifying on the same form that the inventory was conducted as per policy and that it is accurate. Please see the annexure-4 Asset Verification Form.

14. Disposal Process

When assets are in unusable/surplus/obsolete condition, then assets may be disposed either by:

- Transferring from one department to another department
- Transferring from one project to another project
- Discarding/scrapping
- Selling
- Donating

When selling, donating or disposing the assets, the department/person responsible for the asset must complete the **assets transfer/movement form**.

Approval by donor/trustee/management/NGOAB, as appropriate.

**Recording in FADN**
- One invoice for group of assets
- Exclusion in fixed assets register (item-wise)
- At book value

Any gain or loss on disposal of an item of fixed assets (calculated as the difference between the net proceed from disposal and the carrying amount of the item) is recognized in profit or loss. *(Please see annexure-5 Fixed Asset Disposal Note (FADN)).*

**Degree of authorization for assets disposal at TIB Head Office level and CCC level**

Each recognised asset (i.e. cost price of which is equal or more than BDT 5,000) required prior approval from Executive Director to physically dispose off from the organisation.

**Requirement of tender**

Requirement of tender process is mandatory for disposal of an asset which has a cost price of BDT 500,000 or more. In this regard a tender committee will be formed to execute and assist the process.

**Required journal entries:**

a) For recording of disposal/sale of fixed assets at loss:

<table>
<thead>
<tr>
<th>Account</th>
<th>Debit/Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank account</td>
<td></td>
</tr>
<tr>
<td>Loss on sale of fixed assets account</td>
<td>Debit</td>
</tr>
<tr>
<td>Accumulated depreciation fixed assets</td>
<td>Debit</td>
</tr>
<tr>
<td>Fixed assets account-GF/Continuing project</td>
<td>Credit</td>
</tr>
</tbody>
</table>

Another entry should be passed to close the capital fund for capex account for the relevant assets:

<table>
<thead>
<tr>
<th>Account</th>
<th>Debit/Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital fund for capex account- GF/Continuing project</td>
<td>Debit</td>
</tr>
<tr>
<td>Grants received in advance account</td>
<td>Credit</td>
</tr>
</tbody>
</table>
b) For recording of disposal/sale of fixed assets at loss:

<table>
<thead>
<tr>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank account</td>
<td>Accumulated depreciation fixed assets</td>
</tr>
<tr>
<td>Gain on sale of fixed assets account</td>
<td>Fixed assets account-GF/Continuing project</td>
</tr>
<tr>
<td>Gain on sale of fixed assets account</td>
<td>Fixed assets account-GF/Continuing project</td>
</tr>
<tr>
<td>Capital fund for capex account</td>
<td>Grants received in advance account</td>
</tr>
</tbody>
</table>

Another entry should be passed to close the capital fund for capex account for the relevant assets:

<table>
<thead>
<tr>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital fund for capex account</td>
<td>Grants received in advance account</td>
</tr>
</tbody>
</table>

Use of fixed assets of one project by other project

When situation demands to use of one project’s assets by others projects other than the transfer of assets, an operating expense as rental charge (equivalent to depreciation of those asset or market value of that usage) will be charged to the project using the assets. Required journal entries are as follows:

Journal entry in the books of the project using the asset:

<table>
<thead>
<tr>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rental charges</td>
<td>Rental charges</td>
</tr>
<tr>
<td>Bank/Payable to specific project (owner of assets) account</td>
<td>Bank/Payable to specific project (owner of assets) account</td>
</tr>
</tbody>
</table>

Journal entry in the books of the project renting the asset:

<table>
<thead>
<tr>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank/Receivable from project (User of assets) account</td>
<td>Bank/Receivable from project (User of assets) account</td>
</tr>
<tr>
<td>Rental income</td>
<td>Rental income</td>
</tr>
</tbody>
</table>

15. Fixed assets transfer policy

Fixed asset transfer in physically occurs usually when a department agrees to give an asset to another department or a project transfers to fixed asset to another project or a project transfers assets to a new location within the project. Transfer does not permit personal use, use by third party and non-TIB individuals. The person requiring the assets should fill-up the Asset Transfer Form mentioning the purpose of the transfer which should be authorized by the custodian of the relevant assets and approved by the Manager/ Senior Manager. Copies of the completed Assets Transfer Form should be forwarded to the Manager- Fixed Assets prior to the transfer of the assets. Manager-Fixed Assets will update the fixed assets register based on such Assets Transfer Form and maintain the asset transfer form as a ready reference. Any subsequent transfer of the same assets will further require same process of filling and approval of the Assets Transfer Form. The following procedures should be followed:

- Transfer form fill up, approval
- Recording in register
Required journal entries:

For transfer of assets from one project to another project during the project period or at the project end:

Required journal entries in the books of transferring project:

Capital fund for capex account (specific asset) - Transferring project Debit
Accumulated depreciation account (specific asset) - Transferring project Debit
Fixed asset account (specific asset) - Transferring project Credit

Required journal entries in the books of receiving project:

Fixed asset-specific asset account-Receiving project Debit
Accumulated depreciation account (specific asset) -Receiving project Credit
Capital fund for capex account (specific asset)-Receiving project Credit

For transfer of assets from one project location to another during the project period no journal entry is required but fixed assets register should be updated.

For transfer of assets from one project to general fund of TIB during the project period or at the project end:

Required journal entries in the books of transferring project:

Capital fund for capex account (specific asset) - Transferring project Debit
Accumulated depreciation account (specific asset) - Transferring project Debit
Fixed asset account (specific asset) - Transferring project Credit

Required journal entries in the books of general fund (GF):

Fixed asset-specific asset account-GF Debit
Accumulated depreciation account (specific asset) -GF Credit
Capital fund for capex account (specific asset)-GF Credit

For donor takeover all the assets:

Required journal entries in the books of project taking over the assets:

Capital fund for capex account (specific asset) - Closed project Debit
Accumulated depreciation account (specific asset) - Closed project Debit
Fixed asset account (specific asset) - Closed project Credit
16. Assets lost/damaged/impairment

Assets lost

In case any assets is found missing, the person who first identifies the case should report to the Manager - Fixed assets through his/her reporting line supervisor within 24 hours. Otherwise disciplinary action may be taken against him/her under the HR Manual. The First Investigation Report (FIR) should be filed with the local police station and insurance agent/authority should also be informed by the custodian of the particular asset. Lost assets should be written off immediately after obtaining written approval from the head of respective office/department and Director - Finance & Administrative.

Assets damaged

Assets damaged or destroyed due to fire, flood and others should be reported to the Manager- Fixed assets. Written approval from the head of respective office/department and Director - Finance & Administrative required to write-off the damaged/destroyed/lost assets.

Impairment of assets

An impairment loss exists whenever the carrying amount of an asset exceeds its recoverable amount. An annual test of impairment should be made by the management. An impairment loss should be recognized in the profit & loss account for assets carried at cost and treated as revaluation reserve decrease for assets carried at a revalued amount. After recognition of the impairment loss, the depreciation on such fixed assets should be charged on the revised carrying amount of assets.

Required journal entries:

a) For assets impairment:

Loss on assets impairment account Debit
Accumulated impairment account Credit

Another entry should be passed for impairment of the relevant assets to make adjustment in the capital fund for capex account:

Capital fund for capex account Debit
Grant income account Credit

b) For assets lost:

Loss on assets lost/damaged account Debit
Accumulated depreciation account Debit
Fixed assets account (specific asset) Credit
Another entry should be passed for lost of assets to make adjustment in the capital fund for capex account:

- Capital fund for capex account Debit
- Grant income Credit

**c) Journal entry for receiving the insurance compensation on loss or damage of fixed assets:**

- Bank A/c / Insurance receivable account Debit
- Accumulated depreciation account Debit
- Loss on assets lost account Credit
- Fixed assets account Credit

Another entry should be passed for loss or damage of the relevant assets to close the capital fund for capex account for the relevant asset:

- Capital fund for capex account Debit
- Grants received in advance account Credit

17. **Derecognition of fixed assets**

An item of fixed assets shall be derecognition when it is decided to disposed off or no further economic benefits will be expected to flow from its use. Required journal entries in the books of project for assets held for sale:

- Fixed assets-Held for sale account (specific asset) – Specific project/GF Debit
- Accumulated depreciation account (specific asset) - Specific project/GF Debit
- Fixed asset account (specific asset)- Specific project/GF Credit

In such case TIB should maintain a list of such assets held for sale to have a better control over such assets. No depreciation will be charged on these assets.

18. **Disclosure in the financial statements**

The financial statements will disclose the accounting policies for the fixed assets that have been adapted. Net off cost of total assets and accumulated fixed assets will be shown in balance sheet, but all of the following will be shown by way of note:

- The measurement basis used.
- The depreciation method
- The useful lives or depreciation rates
- The cost and the accumulated depreciation at the start and the end of the period
- Addition/disposition
- Details of revaluation (i.e. date, description of value, basis of valuation and other required disclosure as require by GAAP).
- Changes of accounting estimates, if any.
Transparency International Bangladesh (TIB)

Fixed Asset Register

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Asset description</th>
<th>Model/type of assets</th>
<th>Asset category</th>
<th>Useful life</th>
<th>Date of purchase</th>
<th>Suppliers name</th>
<th>Cost price</th>
<th>Depreciation</th>
<th>Written down value</th>
<th>Location</th>
<th>Dept. in use</th>
<th>User name</th>
<th>Identification Number</th>
</tr>
</thead>
<tbody>
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</tr>
</tbody>
</table>

Prepared by __________________  Reviewed by __________________  Authorised by __________________
Annexure - 2

Transparency International Bangladesh (TIB)

Fixed Asset Receiving Note (FARN)

Instructions:
# MUST fill in all yellow boxes unless otherwise marked.
# Form should be completed in triplicate.
# Forms should be sent to Admin Department and to the respective user.

<table>
<thead>
<tr>
<th>Requisition #</th>
<th>Date</th>
<th>FARN #</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase order #</td>
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<td></td>
</tr>
<tr>
<td>Vendor Name</td>
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<td>L/C No (If any)</td>
<td>Date</td>
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<td>Country of Origin</td>
<td>Currency</td>
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</tr>
<tr>
<td>Invoice No/Challan No</td>
<td>Date</td>
<td></td>
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</tr>
<tr>
<td>Delivery challan</td>
<td>Date</td>
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<td>GRN</td>
<td>Date</td>
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<th>Reference no.</th>
<th>Date</th>
<th>Amount</th>
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<td>Reference no.</td>
<td>Date</td>
<td>Amount</td>
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<tr>
<td>Voucher no.</td>
<td>Reference no.</td>
<td>Date</td>
<td>Amount</td>
</tr>
<tr>
<td>Voucher no.</td>
<td>Reference no.</td>
<td>Date</td>
<td>Amount</td>
</tr>
<tr>
<td>Voucher no.</td>
<td>Reference no.</td>
<td>Date</td>
<td>Amount</td>
</tr>
<tr>
<td>Voucher no.</td>
<td>Reference no.</td>
<td>Date</td>
<td>Amount</td>
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Total

Date of purchase
Date of commission

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<tr>
<th>SL #</th>
<th>Asset Code</th>
<th>Category of Asset</th>
<th>Description of asset</th>
<th>Value per unit</th>
<th>Total</th>
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<thead>
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<th>Location</th>
<th>Division</th>
<th>Name of the User</th>
<th>Signature</th>
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</table>

Prepared by ___________________  Checked by ___________________  Authorised by ___________________
Annexure – 3  
Transparency International Bangladesh (TIB)

Asset Record Checklist

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Particulars</th>
<th>Compliance Status</th>
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<tbody>
<tr>
<td></td>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>1</td>
<td>List of PPE-in-Progress is taken.</td>
<td>Yes</td>
</tr>
<tr>
<td>2</td>
<td>List of Assets from the asset register for the month is taken</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>General ledger of fixed asset has been taken</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Matched the total number of entry in PPE-in-progress with the entries of GL</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Checked that the entries of GL for a particular asset has been properly included in FARN.</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Matched the total amount of each FARN with the amount of PPE-in-Progress against that FARN</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Matched total amount of each FARN with the cost price against that FARN in the Fixed Asset Register.</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Verified the asset register with Physical assets.</td>
<td></td>
</tr>
</tbody>
</table>

___________________  ______________  __________________
Prepared by          Checked by         Authorised by
Annexure - 4

Transparency International Bangladesh (TIB)

Asset Verification Form

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Asset description</th>
<th>Model/type of assets</th>
<th>Asset category</th>
<th>Useful life</th>
<th>Date of purchase</th>
<th>Suppliers name</th>
<th>Cost price</th>
<th>Depreciation</th>
<th>Written down value</th>
<th>Location</th>
<th>Dept. in use</th>
<th>User name</th>
<th>Identification Number</th>
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<tbody>
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</tr>
</tbody>
</table>

All the assets of this register has been checked and verified physically and found the following observations (if any):

Participants of the Verification

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Name</th>
<th>Designation</th>
<th>Location</th>
<th>Signature</th>
</tr>
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<tbody>
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</table>
Annexure - 5  
Transparency International Bangladesh (TIB)  
Fixed Asset Disposal Note (FADN)

Instructions:
# MUST fill in all yellow boxes unless otherwise marked.
# Form should be completed in triplicate.
# Forms should be sent to Admin Department and to the respective user.

<table>
<thead>
<tr>
<th>Voucher Ref.</th>
<th>FADN #</th>
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<tr>
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<th>Date</th>
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<table>
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<tr>
<th>Amount</th>
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<table>
<thead>
<tr>
<th>Tender No # ( if any)</th>
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</thead>
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<table>
<thead>
<tr>
<th>SI #</th>
<th>Name of the Vendor</th>
<th>Types of Purchaser</th>
<th>Amount</th>
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<tbody>
<tr>
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</table>

Total: 

<table>
<thead>
<tr>
<th>SI #</th>
<th>Asset Code</th>
<th>Category of Asset</th>
<th>Location</th>
<th>Division</th>
<th>FARN #</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
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<table>
<thead>
<tr>
<th>SI #</th>
<th>Asset Code</th>
<th>Account Code</th>
<th>Name of the Users</th>
<th>Reason for disposals</th>
<th>Type of Disposal</th>
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<tbody>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>SI #</th>
<th>Asset Code</th>
<th>Cost price</th>
<th>Accumulated Depreciation</th>
<th>Written Down Value(WDV)</th>
<th>Sales Proceeds</th>
<th>Profit/(loss)</th>
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</thead>
<tbody>
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</table>

Total: 

Prepared by ____________________  Reviewed by ____________________  Authorised by ____________________
### Annexure-6

#### Fixed assets code number

<table>
<thead>
<tr>
<th>Asset categories</th>
<th>Sub-group assets</th>
<th>Sub-group code</th>
<th>Sub-group assets</th>
<th>Sub-group code</th>
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<tbody>
<tr>
<td><strong>Furniture &amp; fixture</strong></td>
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<tr>
<td><strong>Chair</strong></td>
<td></td>
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</tr>
<tr>
<td>Executive Chair</td>
<td>CE</td>
<td></td>
<td>Ceiling Fan</td>
<td>FC</td>
</tr>
<tr>
<td>Aram less Chair</td>
<td>CM</td>
<td>Wall Fan</td>
<td>FW</td>
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<tr>
<td><strong>Table</strong></td>
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<tr>
<td>Executive /Computer Table</td>
<td>TE</td>
<td>Stand Fan</td>
<td>FS</td>
<td></td>
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<tr>
<td>Conference Table</td>
<td>TC</td>
<td>Refrigerator</td>
<td>RF</td>
<td></td>
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<tr>
<td>Side/Round/Dining Table/Others</td>
<td>TO</td>
<td>Almira</td>
<td>AL</td>
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<tr>
<td><strong>Drawer Unit</strong></td>
<td></td>
<td></td>
<td>Steel Almari/ Almira</td>
<td>AL</td>
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<tr>
<td><strong>Shelf</strong></td>
<td></td>
<td></td>
<td>White Board /Notice Board/Cloth Board/Display Board</td>
<td>BW</td>
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<tr>
<td><strong>Shelf Rack</strong></td>
<td>SH</td>
<td>Charge Light</td>
<td>LC</td>
<td></td>
</tr>
<tr>
<td>Book Shelf/Store /Fact sheet Gallery</td>
<td>SB</td>
<td>Charge Light</td>
<td>LC</td>
<td></td>
</tr>
<tr>
<td><strong>Showcase</strong></td>
<td>SD</td>
<td>Other lighting</td>
<td>LO</td>
<td></td>
</tr>
<tr>
<td><strong>Cabinet</strong></td>
<td></td>
<td></td>
<td>Office Furnishing &amp; Decoration</td>
<td>OF</td>
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<tr>
<td><strong>File Cabinet</strong></td>
<td>CF</td>
<td>Office Furnishing &amp; Decoration</td>
<td>OF</td>
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<td>Kitchen cabinet</td>
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<td>Fabric partition</td>
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<tr>
<td><strong>Sofa Set</strong></td>
<td>SF</td>
<td>Flash door for store</td>
<td>DF</td>
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<td><strong>Showcase</strong></td>
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<td>Frosted paper on glass</td>
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<tr>
<td>Steel Showcase</td>
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<td>Heritage granules wall</td>
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<td><strong>Gallery</strong></td>
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<td>Interior Decoration</td>
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<td>Reception Counter</td>
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<tr>
<td>Water Filter</td>
<td>WF</td>
<td>Thai aluminum fitting</td>
<td>TF</td>
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<tr>
<td><strong>Kitchen Cabinet Set</strong></td>
<td></td>
<td>Wooden frame for library</td>
<td>WF</td>
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<tr>
<td><strong>Kitchen Room</strong></td>
<td>KR</td>
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<tr>
<td><strong>Office equipment</strong></td>
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<tr>
<td><strong>Air Conditioner</strong></td>
<td>AC</td>
<td>Micro Wave</td>
<td>MV</td>
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<tr>
<td><strong>Fax Machine</strong></td>
<td>FM</td>
<td>Telephone / Mobile Set</td>
<td>MT</td>
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<tr>
<td><strong>Fire Fighting &amp; Security Equipment</strong></td>
<td>FF</td>
<td>PABX System</td>
<td>PX</td>
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<tr>
<td><strong>Generator</strong></td>
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<td>Paper Shredder</td>
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<td>Laminating Machine</td>
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<td>Spiral Binding Machine</td>
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<td>Vacuum Cleaner</td>
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<td>Video Recorder</td>
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<td>Video Camera</td>
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<tr>
<td><strong>IT equipment</strong></td>
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<td>UPS / Stabilizer</td>
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<td>Desktop Computers – CPU</td>
<td>CC</td>
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<td>Projector Screen</td>
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<tr>
<td>Micro Bus</td>
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<tr>
<td>Motor Cycle</td>
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<tr>
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<td>ISPS</td>
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<tr>
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<tr>
<td>Furniture &amp; Fixture</td>
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<tr>
<td>Office Equipment</td>
<td>OE</td>
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<tr>
<td>IT Equipment</td>
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<tr>
<td>Motor Vehicle</td>
<td>MV</td>
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<tr>
<td>Software</td>
<td>SO</td>
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</table>
SECTION B. GENERAL STORE POLICY

1. Introduction

Capital asset, non-capital asset, other programme and operational items etc shall be acquired for use or consumption for smooth operation of office and implementation of programme activities. A General Store shall be maintained for storage and issuance of Office Supplies and Printing Items which shall be purchased for operational activities of different projects. Capital asset, non-capital asset and programme items which need storage for the interim period of acquisition and consumption shall not be entered in the General Store. Capital assets, non-capital asset and programme items shall not usually be stored in General Store. However for the interim period of acquisition and issuance to the end user, these items shall be stored in a safe and secured place in the custody of Purchase Requisition raisers/Goods Receivers. Programme item balance which will remain undistributed after completion of programme or which shall be distributed within a short future period shall be entered in General Store under the custody of Manager-Administration/designated Store In-Charge. The aforesaid policy of general store management shall be applicable for Office Supplies and Printing Items and unused Programme Items which shall be entered in General Store.

2. Stock Control

The Stores In-charge under the guidance of Manager Administration shall prepare a short and long term plan to determine the ordering quantity i.e. how much to procure and when, keeping in view the advantage of bulk purchase and following the model of stock holding he/she might have developed in light with storable space.

- Cost of Stock-holding

The Stores In-charge and the Manager Administration while assessing a buffer stock of high value may instead consider the point of opportunity cost, bank interest that can be earned and VAT and taxes that can be saved.

- Management of Stores

The Stores In-charge shall ascertain the need for store items, calculate cost, raise requisition, pursue Purchase In-charge for procurement of those and thus shall maintain an economic level of stock. He/she shall maintain record of all transactions in the registers, books and files as stipulated in this manual. Another important aspect is to take care of goods, save those from pilferage and quality damage, arrange for bin, pallets, humidifier, fire extinguisher, cabinets for keeping valuables under lock and key and inflammables separately. He/she shall arrange the stock in such a way (perpendicular with gangway) so that other end of the storeroom is visible and economy in use of floor is ensured. Store layout should be as such to facilitate taking and giving delivery more easy. The Stores In-charge shall also arrange for fumigation of store room/warehouse periodically.
• **Security of Stores**

Loss, pilferage and damage of goods as soon as detected should be reported by the Stores In-charge on monthly basis and an enquiry into the matter should be initiated by the Manager Administration without loss of time and report to Director Finance & Administration. Disciplinary proceeding may be drawn if responsibility for the loss, pilferage or damage can be fixed in the enquiry. If deemed fit, the matter may also be reported to the police.

3. **Classification and Naming**

All the stores items should be classified and each item be given a name and a short description. A stores nomenclature book should be opened wherein all such information should be recorded and which should serve the purpose of a reference book for name and description of all the stores items.

4. **Records of Receiving of Goods and Stock Register**

Goods are received and taken into stock by recording each and every item in a book called stock register. The items should be recorded in order of category of goods i.e. whether revenue nature, using separate serial number, and indicating name and code number. The Stores In-charge shall maintain the stock register and shall record therein all transactions and movements and issue of goods.

• **Issue, Dispatch and Delivery of Goods**

Any user at the Dhaka office or at any location requiring any store item shall raise a requisition slip (Store Requisition) in the prescribed form duly signed by him/her and endorsed by his/her supervisor. If the item is a revenue item and the user is entitled to that, the Stores In-charge shall issue and deliver/dispatch the item to him/her and make necessary entries in the stock register. Store Requisition shall be approved by the authority as stipulated in the Table of Authority.

If the item requisitioned for is not available in the store, a note to the Requisition Raiser/Purchase In-charge shall be sent as stipulated in the procurement manual.

• **Inventory of Revenue Items**

At the end of every accounting year, an inventory of stock will be taken by a committee to be formed at the instance of Director Finance & Administration. The committee shall by themselves and as it may deem purposeful, devise stock taking, reconciliation and reporting forms to carry on the inventory. The committee may require the Stores In-charge to extend all possible help and give all information necessary. The committee shall submit its report within 10 days of its formation giving a full picture of physical and book stock, loss, pilferage, quantity of any unusable and damaged item etc. The report should be submitted to the Director Finance & Administration.
SECTION C. NON-CAPITAL ASSET POLICY

1. What shall be considered as Non-capital Asset?

Asset of following nature shall be recorded as non-consumable item in Profit & Loss Account and shall be included in the Non-Capital Asset Register:

- Costs of site preparation, delivery and handling, installation, related professional fees for architects and engineers, and the estimated cost of dismantling and removing the asset and restoring the site, set-up cost of which items unit are not reusable or identifiable for sale as scrap if removed for shifting office or for other reason.
- Asset costing below BDT 5,000.

Depreciation shall not be applicable for non-capital asset. These items shall be issued to the end user after acquisition and making it usable condition. Some items shall be for general use purpose, which shall not be issued to any user, rather these shall be set in place/location for attaining the purpose these were acquired.

2. Categories of non-capital assets

Non-capital asset shall be classified in following broad categories:

- Furniture & fixture
- Office equipment
- IT Equipment
- Software

3. Non-Capital Assets Register

All non-capital assets falling under the criteria must be recorded in the non-capital asset register. The non-capital asset register must contain the following information:

- Serial number
- Item Name
- Asset description
- Project Name
- Date of purchase
- Cost price
- Location
- User name
- Identification Number
<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Item Name</th>
<th>Identification Number</th>
<th>Asset description</th>
<th>Project Name</th>
<th>Date of purchase</th>
<th>Cost price</th>
<th>User name</th>
<th>Location</th>
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</table>

### 4. Identification number and tagging

Each non-capital asset must be given a unique number. This identification number is to be physically attached to each asset. The principles to be followed in this regard are as:

- Each item should have an identification number and should be tagged unless it is not physically practicable.
- Tag should be based on type of assets, location, and numbers of assets.
- Tags should be placed consistently in the same location on each type of similar asset.
- Tag should be accessible for viewing.
- Recognized asset should be recorded in asset register.

Software need not to be tagged.

Asset identification and tagging is important for:
- Providing accurate method of identifying asset;
- Aiding the annual physical inventory;
- Control the location of all physical asset;
- Aiding maintenance of asset.

### 5. Use of tag number:

TIB will follow the following system of tagging for the assets:

Organisation / Project / Location / Group / Sub-Group / Division / Serial number
TIB / BIBEC / DHK / FF / CE / CH – 00001

Location of the assets will be determined by any convenient three letters of the location (i.e. THO, DHK, RAJ, SAV etc. Users of the assets will be determined based on the designation of the users.

### 6. Verification

The Committee to be formed for the purpose shall be responsible for an annual inventory count of non-capital assets at TIB Head Office level. CCC wise separate committee shall be responsible for conducting annual inventory counting of non-capital assets at CCCs. The Committee shall be responsible for ensuring that the information regarding the asset is correct and updating the asset registers to reflect changes. List of assets which has been verified by the
committee should be signed by the committee members on the date of counting and approved by the Director-Finance & Administration at Dhaka Office and by CCC President at CCC Offices.

**Asset Verification Form**

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Item Name</th>
<th>Identification Number</th>
<th>Asset description</th>
<th>Project Name</th>
<th>Date of purchase</th>
<th>Cost price</th>
<th>User name</th>
<th>Location</th>
<th>Present Condition</th>
<th>Remarks</th>
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All the assets of this register has been checked and verified physically and found the following observations (if any):

**Participants of the Verification**

<table>
<thead>
<tr>
<th>Sl.</th>
<th>Name</th>
<th>Designation</th>
<th>Location</th>
<th>Signature</th>
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7. **Disposal Process**

When non-capital assets are in unusable/surplus/obsolete condition, then these may be disposed either by:

- Transferring from one department to another department
- Transferring from one project to another project
- Discarding/scrapping
- Selling
- Donating

When selling, donating or disposing the non-capital assets, approval from donor/trustee/management/NGOAB, as appropriate, shall be taken.

Amount that will be received from sale of non-capital asset shall be shown in profit & loss accounts as other income/receipt.
D. Compliance

In all relevant financial transactions, documentation and reporting TIB shall ensure full compliance with the relevant laws and regulations of the NGO Affairs Bureau as well as reporting requirements for the development partners and other stakeholders.

E. Applicability, review and update

This policy shall be applicable to all relevant financial transactions relating to TIB General Fund and also the Donor fund, with the provision that the TIB management under the authority of the Board of Trustees shall review these periodically and update the same as and when necessary and applicable. Any changes or additional clauses shall be immediately duly intimated to the General Fund and also the Donor fund and shall become part of these Guidelines, with the same validity and applicability as the provisions contained herein.