

	DIRECTIVE FOR REGISTRATION OF BC ASSETS, VALUATION METHOD, DEPRECIATION AND LIQUIDATION
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INTRODUCTION	
	This Directive governs the procedures resulting from the obligations specified in Act No. 341/2005 Coll., on public research institutions, as amended, in compliance with Act No. 563/1991 Coll., on accounting, as amended, Act No. 586/1992 Coll., on Income Taxes, as amended, Ordinance No. 504/2002 Coll., and the Czech Accounting Standards. The Directive regulates and establishes the principles of property management of the Biological Centre of the CAS (Biologické centrum AV ČR, v. v. i.; "BC").
I. Basic Terms	
1.1	<p>The accounting entity (BC) records:</p> <ul style="list-style-type: none"> a) tangible fixed assets ("TFA") of which entry price exceeds CZK 80 000 and of which useful life is longer than one year. This category includes, for example: land (irrespective of the valuation amount), buildings and structures (irrespective of the valuation amount and useful life), separate tangible movable assets, perennial crops, adult animals and groups thereof, other tangible assets. b) intangible fixed assets ("IFA") of which entry price exceeds CZK 80 000 and of which useful life is longer than one year. This category includes, for example: intangible research and development results, software, valuation rights and other intangible assets. c) minor fixed assets ("MFA") acquired before the change of the accounting entity from a contributory organisation to a public research institution. d) financial assets ("FA") regardless the valuation amount. e) minor assets ("MA") which do not meet the nature of fixed assets. The accounting entity accounts for their acquisition directly as an expense and records them in the operating records. f) technical improvement of fixed assets as it is defined in Section 33 of Act No. 586/1992 Coll., on Income Taxes, as amended (hereinafter the "Income Tax Act"), and this definition is also binding for the accounting treatment of expenditure incurred on completed extensions, additions and alterations, renovations and upgrades of assets of the BC.
1.2	All the categories of assets mentioned above must meet the condition of long life (at least one year). This condition is not affected by the earlier sale or destruction of the asset.
II. Methods of Acquisition of Assets of BC	
2.1	The accounting entity acquires assets by purchasing, own manufacturing, donation, transfer of assets, new findings (these are assets that have not yet been recorded in the accounts). The basic records are done on an inventory card. The property accountant records on the inventory card any change in the records of the relevant assets, e.g., transfer of assets to another person, disposal, etc.
2.2	<p>Minimum requirements for an inventory card in the case of fixed assets:</p> <ul style="list-style-type: none"> a) name and inventory number assigned to the asset, b) person responsible for the asset ("User"), c) relevant organizational unit of BC, d) selected method of depreciation of the asset, including the depreciation period and the depreciation schedule, e) entry price of the asset.

	III. Valuation of Fixed Assets of BC
3.1	<p>The accounting entity values fixed assets according to the method of acquisition:</p> <p>a) by the purchase price – when purchased from a supplier, including the acquisition costs associated with it,</p> <p>b) by the reproduction purchase price – this shall be used when the entity does not have evidence of the value of the asset (e.g., when the asset is acquired free of charge).</p> <p>c) by the price at own cost – this price is used when the entity produces the asset itself. If an internally generated asset is produced during the accounting period, its cost shall be determined at the value of the used direct costs and indirect costs, calculated on the basis of accounting data from the previous calendar year. This price shall be determined by the Head of Finance Section.</p>
3.2	<p>Increases in the valuation of assets, unless provided for in a special regulation, shall not be recorded. Temporary reductions in the valuation of assets are dealt with by means of the so-called adjustments, while permanent reductions in the valuation of intangible and tangible assets are recorded by means of valuation allowance accounts, while the depreciation schedule must be adjusted.</p>
	IV. Technical Improvement of Fixed Assets of BC
4.1	<p>For the technical improvement of TFA (including buildings), the entity determines the amount of the cost of completed interventions in individual fixed assets in the aggregate amount of CZK 80 000 per the accounting period. For the technical improvement of IFA, the entity determines the amount of the input cost of CZK 80 000 for each individual completed technical improvement. Technical improvements are tracked in the analytical accounts of Group 04 (Acquisition of intangible and tangible fixed assets). If the completed technical improvement, which for an individual asset in the aggregate for the accounting period does not exceed:</p> <p>a) the amount of CZK 80 000 for IFA, this shall be recorded on the relevant analytical account of Group 518,</p> <p>b) the amount of CZK 80 000 for TFA, this shall be recorded on the relevant analytical account of Group 501.</p>
	V. Classification of Assets
5.1	<p>Fixed assets are classified by the property accountant on the date the assets are put into use, i.e., after all the technical functions necessary for use have been ensured and all the obligations stipulated by the legislation (building, environmental, fire, safety and hygiene) have been fulfilled. The User is obliged to deliver to the Senior Accountant a delivery note or handover report for the assets to be classified. The Senior Accountant shall be responsible for the correct date of entry into service of fixed assets and for their correct valuation (including any incidental costs associated with their acquisition). The classification of assets shall be carried out by the property accountant on the basis of the form “Proposal for the Classification of Fixed Assets in the Records of Assets of the BC” submitted by the Senior Accountant. The classification of minor assets is carried out by the property accountant on the basis of the liquidation sheet under “Confirmation of Receipt of Items Entrusted</p>

	under the Labour Code". The classification is based on normal accounting practice - asset group, depreciation period, depreciation method. In the event of an exception to these practices, the authorising officer or the budget manager must indicate this on the attached liquidation certificate.
	VI. Transfer and Liquidation of Assets
6.1	The User transfers the entrusted assets on the basis of a completed form "Transfer of Assets" or "Bulk Transfer of Assets" submitted to the property accountant. The latter shall make this entry and record it on the inventory card of the asset.
6.2	The disposal of the asset is proposed by the employee responsible for the asset on the liquidation report (Annex 4). Mandatory elements of the liquidation report are: a) exact identification of the disposed asset, b) reason for its disposal (unprofitability of repair, moral obsolescence, sale), c) date and User's signature, d) date and supervisor's signature, e) date and signature of the member of the liquidation committee, f) date and signature of the property accountant, g) other mandatory Annexes according to point 6.3 and 6.4.
6.3	An expert's assessment of the unserviceability or unsuitability of the use of the asset shall be attached to the liquidation report in the case of disposal of undepreciated assets.
6.4	When assets are disposed of by sale, an expert's report or a professional appraisal becomes a mandatory annex to the liquidation report.
6.5	The disposal of assets is recorded on the inventory card by the property accountant on the basis of a liquidation report submitted to them by a designated member of the liquidation committee. Each organisational unit of the BC has its own liquidation committee. A list of the members of these committees is published on the BC Intranet. The members of the liquidation committee are responsible for the physical liquidation of disposed assets.
	VII. Depreciation Schedule, Depreciation of FA
7.1	During use, fixed assets wear out morally (obsolescence, more modern, more powerful machines, software, etc. on the market) or physically (wear and tear of components, corrosion, damage from use, etc.).
7.2	Depreciation is the gradual transfer of the input price of FA to cost through depreciation. Depreciation is the value of the annual wear and tear of FA. The accounting entity uses accounting depreciation that objectively reflects the rate of wear and tear of FA. The depreciation schedule is prepared by the accounting entity as at the first day of each calendar year.
	VIII. Inventory Check of Assets of BC

8.1	A regular inventory check of assets of BC is carried out once a year, between 15 th December of the calendar year and 28 th February of the next year. The accounting entity carries out extraordinary inventory checks of assets in the event of termination of the employment of the employee on whom the assets are registered.
8.2	The responsible person on whom the assets are registered is obliged to follow the Inventory Directive.
IX. Changes of the Valuation Method and Depreciation Procedure	
9.1	The methods use in one accounting period may be changed in the accounts and financial statements of the immediately following accounting period. A change in a given year may only occur on the basis of an approved request for an exemption, which shall include a justification for the change. The submitted exemption shall be approved by the Director of the BC or their authorised deputy. The reasons for the resulting changes shall be stated in an annex to the financial statements.
X. Records of Minor Assets	
10.1	Minor assets are such tangible and intangible assets that do not qualify as fixed assets (point 1.1 of this Directive) and the accounting entity expects to use them for a longer period of time (more than one year). The property accountant manages and is responsible for the operational records of minor assets. Minor tangible assets: with the value between CZK 3 000 and CZK 79 999 are charged directly to the cost account 501x and at the same time to the off-balance sheet records. Minor intangible assets: a) with the value between CZK 0 and CZK 6 999 are charged directly to the cost account 518x and at the same time to the off-balance sheet records, b) with the value between CZK 7 000 and CZK 79 999 are charged directly to the cost account 518x and at the same time to the off-balance sheet records.
10.2	Turnovers of minor assets accounted for in the year in the Class 5 accounts are equal to the Class 9 off-balance sheet accounts and the records of assets on individual cards.
XI. FINAL PROVISIONS	
11.1	All employees of the BC must observe this Directive. The Head of the Financial Section is responsible for checking compliance with this Directive.
11.2	Translations of Czech documents and additional information are to be done for informational purposes only. Only the Czech original is legally binding.
11.3	This Directive becomes valid on the day of its signing and comes into force on 1 st February 2022.