

**Policy on Control and Management of Company Assets and Shareholder Investments**  
**SINGHE HOSPITALS PLC**  
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Distribution	All staff		

**Acquisition of Fixed Assets - Purchasing Procedure**

When a department requires a fixed asset, the acquisition process must follow the fixed assets purchasing procedure as detailed below:

**1. Requesting the Fixed Asset:**

- The department that requires the asset must submit a Material Request Note (MRN) to the Fixed Asset Store.
- If the asset is available in the store: The stockkeeper will issue the asset to the department using an Issue Note.
- If the asset is not available in the store: The stockkeeper forwards the MRN to the purchasing department for further procurement.

**2. Steps in the Purchasing Process:**

When the purchasing department receives the MRN, the following steps must be taken:

**I. Procurement Evaluation Sheet:** The purchasing department must obtain the **Procurement Evaluation Sheet** from the relevant department.

**II. Quotations:** The purchasing department should request at least three quotations from suppliers. The information from the quotations should be used to complete the **Procurement Evaluation Sheet**.

**III. Special Case Purchases:** When purchasing specific assets from a specific supplier, it may not be necessary to obtain three quotations.

**IV. Supplier Selection:** The supplier is selected based on the **Procurement Evaluation Sheet**, and the selection must be approved.

**V. Purchase Order:** After the supplier is approved, a **Purchase Order (PO)** is sent to the selected supplier.

### 3. Receiving and Issuing the Fixed Asset:

a. **Receipt of the Asset:** When the company receives the asset, it is sent to the fixed assets store. The stockkeeper issues a **Goods Received Note (GRN)**.

b. **Verification of the Asset:** The stockkeeper verifies the correctness of the asset and issues the **Issue Note** to transfer it to the relevant department.

c. **Fixed Asset Registration:** After the asset is introduced to the relevant department, the finance department updates the **Fixed Asset Register**.

### Documents Related to the Fixed Assets Purchasing Procedure:

The following documents are required throughout the purchasing procedure:

I. **Material Request Note (MRN):** A department uses this document to request an asset from the store.

II. **Procurement Evaluation Sheet:** Used to evaluate quotations and supplier selection. It must be completed by the purchasing department or the officer responsible for the acquisition.

III. **Quotations:** A minimum of three quotations must be obtained before issuing the PO, unless there is a justified exception.

IV. **Purchase Order (PO):** A formal order sent to the supplier. It must be issued in three copies – one for the supplier, one for the purchasing department, and one for the finance department.

V. **Goods Received Note (GRN):** Issued when the asset is received, in two copies – one for the fixed assets store and one for the finance department.

VI. **Issue Note:** Issued when the asset is delivered to the requesting department, in two copies – one for the fixed assets store and one for the requesting department.

VII. **Payment Voucher:** This is issued after the GRN is created. All relevant supporting documents must be attached before payment is approved.

### 4. Approval Limits for Documents Related to Fixed Assets Purchasing Procedure:

<b>Document</b>	<b>Approval Limit (Rs.)</b>	<b>Authorized Officer</b>
Procurement Evaluation Form	Less than 1,000,000	Two Directors
	Greater than 1,000,000	Board of Directors
Fixed Asset Registration Form	No Limit	Accountant
Material Request Note (MRN)	No Limit	Head of Department
Purchase Orders	No Limit	Directors
Goods Received Note (GRN)	No Limit	Store Officer
Issue Note	No Limit	Store Officer
Payment Voucher	No Limit	Head of Finance

## 5. Payments for Fixed Asset Purchases:

- Payments for fixed assets follow the same process as general purchases.
- A **Payment Voucher** can be issued only after the **Goods Received Note (GRN)** is issued.
- The payment voucher must be approved before the payment is made, and all supporting documents (Procurement Evaluation Sheet, approved quotations, purchase order, and GRN) must be attached.
- **Cheque Payment:** Cheques /Bank Transfers can be signed after the payment voucher is approved.

## 6. Filing and Managing Documents:

For clear and organized record-keeping, each document related to the purchasing procedure must be filed as follows:

- **MRN:** Two copies – one for the requesting department and one for the finance department.
- **Procurement Evaluation Sheet:** Filed in the finance department.
- **Quotations:** A copy of the approved quotation must be filed with the payment voucher.
- **Purchase Order:** Three copies – original sent to the supplier, one for the purchasing department, and one for the finance department.
- **Goods Received Note:** Two copies – one for the fixed assets store and one for the finance department.
- **Issue Note:** Two copies – one for the fixed assets store and one for the relevant department.
- **Payment Voucher:** Filed in the finance department's fixed asset purchases file.

## 7. Updating the Fixed Asset Register:

- Each department maintains a **sub-register** for their fixed assets, while the finance department maintains the **master register**.
- Departments must ensure that their sub-registers are up to date, while the finance department ensures the master register is current.

## 8. Transferring Fixed Assets:

- A **Fixed Asset Transfer Form** must be completed when an asset is transferred between departments.
- The form must be approved by the Head of Department (HOD) and the senior manager of the relevant department.
- After approval, the fixed asset register must be updated.
- The form should be filed in both the transferring and receiving departments as well as the finance department.

## 9. Numbering Fixed Assets:

- Fixed assets should be assigned numbers in the following format:
  - **Asset Group | Asset Code | Asset Number**
  - Example: FUR | CHR | 00001

## 10. Disposal and Condemnation of Fixed Assets:

- **Disposal:** When an asset is still usable but the company no longer needs it, it is considered for disposal.
- **Condemnation:** When an asset is no longer usable, it is considered condemned.

The following documents are required for these processes:

- **Fixed Asset Condemnation Form**
- **Fixed Asset Disposal Form**

Both documents must be created in the finance department, and any supporting documents (e.g., sales invoices) must be attached. The finance department is responsible for updating the **Fixed Asset Register**.

## 11. Depreciation of Property, Plant, and Equipment:

- Depreciation is calculated using the **straight-line method** based on the asset's useful life.
- **Depreciation Rates** for different asset categories:
  - Buildings 02%
  - Furniture & Fittings 10%
  - Computer Equipment 25%
  - Office Equipment 10%
  - Linen 50%
  - Computer Software 10%
  - Elevators 10%
  - Generator 10%
  - Tool and Equipment 10%
  - Television 10%
  - Motor Vehicle 20%
  - Medical Equipment 10%
  - Laundry Equipment 10%
  - Housekeeping Equipment 10%
- Depreciation begins when an asset is available for use and ceases when the asset is classified as held for sale or derecognized.

## 12. Disposal and Condemnation Approval Limits:

Document	Approval Limit (Rs.)	Authorized Officer
Fixed Asset Condemnation Form	Less than 1,000,000	Two Directors
	Greater than 1,000,000	Board of Directors
Fixed Asset Disposal Form	Less than 1,000,000	Two Directors
	Greater than 1,000,000	Board of Directors

The fixed asset register must be updated after the disposal or condemnation, and the relevant forms must be filed in the finance department.

## 13. Shareholder Investments:

Shareholder investments include equity and debt investments in companies or other financial instruments. Strategic share acquisitions must be pre-approved by the Board of Directors.