

UNIVERSITY COLLEGE CORK

Fixed Asset Policy & Procedures

2017

Issued by the Finance Office



Fixed Asset Policy & Procedures

March 2017

Issued by the Finance Office

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1 Purpose

- 1.1 The purpose of this document is to set out the University's policy & procedure in relation to the appropriate management, recording and monitoring of all of the University's fixed assets in order to meet, custodial, internal control, audit and insurance obligations.

2 Policy Objectives

- 2.1 To provide an organised and accountable method of monitoring and controlling the acquisition, custody and disposal of the University's fixed assets.
- 2.2 To ensure value for money in acquiring fixed assets and to maximise residual value in the disposal of same, where applicable.
- 2.3 To protect the University from any conflict of interest, either potential or real, which may arise between University departments, services, centres, offices, etc in the acquisition or disposal of fixed assets and any persons or groups purchasing such fixed assets from the University.

3 Definitions and terms

3.1 For the purposes of this policy, and in accordance with Generally Accepted Accounting Practice in Ireland (GAAP) and specifically FRS 15 *Tangible Fixed Assets*, tangible fixed assets are defined as “Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes on a continuing basis in the reporting entity’s activities”. This means that a fixed asset is an asset intended for continuing use, rather than a short-term, temporary asset such as stocks.

3.2 Fixed assets are classified under the following major categories:

- ✚ Land
- ✚ Buildings
- ✚ Heritage
- ✚ Equipment
- ✚ Computer Equipment
- ✚ Laboratory Equipment
- ✚ Audio Visual Equipment
- ✚ Motor Vehicle

3.3 Depreciation is defined as “the measure of the cost or revalued amount of the economic benefits of the tangible fixed asset that have been consumed during the period”. It is the allocation of the cost of an asset over its useful life. Depreciation is calculated on straight line basis using the following estimated useful lives:

| | |
|---|-----------------|
| ✚ Freehold Land | Not Depreciated |
| ✚ Freehold Buildings | 50 Years |
| ✚ Heritage | Not Depreciated |
| ✚ Computer Equipment | 3 Years |
| ✚ Equipment – other (incl. Fixtures & fittings) | 5 Years |
| ✚ Motor Vehicle | 5 Years |

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- 3.4 Immovable fixtures and fittings (i.e. those that are permanently or solidly fixed to the physical structure of the building) are to be capitalised and depreciated as part of the Freehold Buildings category. All other fixtures and fittings are to be depreciated over 5 years. All equipment items are to be depreciated over 5 years.

Fixed Assets Policy

4 Policy

- 4.1 The purchasing and procurement of University Fixed Assets shall be carried out in strict compliance with the University's Policy.
- 4.2 It is the University's policy to ensure that all of its fixed assets (including land, buildings, heritage, equipment etc.) are managed in accordance with current best practice i.e. that such fixed assets are safeguarded by appropriate identification, recording, verification of existence and costs.
- 4.3 In this regard, for all assets with a value greater than €10,000 (incl. VAT) the University has developed a centrally maintained consolidated Fixed Asset Register (FAR) module in Agresso to meet custodial obligations, for internal control and insurance purposes. For all assets less than €10,000 a local register must be maintained at departmental/research centre. The maintenance of such a register of fixed assets should be in line with the scheme laid out in 6.2 Recording of Fixed Assets below.
- 4.4 Fixed asset disposals and access to University assets by third parties will be similarly managed, and the University regards the provisions for the Governance of Irish Universities Code (2007) as representing the standard the University shall adhere to. Disposals of fixed and other asset types are dealt with fully in the policy at 9.1 Disposal of Fixed Assets below.
- 4.5 All acquisitions of fixed assets require approval as set out in UCC Signing Authority and Approval Policy (on the Office of Corporate and Legal Affairs page on the UCC website).
- 4.6 In line with University sector norms and Irish GAAP¹, all fixed assets greater than €10,000 (incl. VAT) are depreciated on straight line basis using the following estimated useful lives:

| | |
|---|-----------------|
| ✚ Freehold Land | Not Depreciated |
| ✚ Freehold Buildings | 50 Years |
| ✚ Heritage | Not Depreciated |
| ✚ Computer Equipment | 3 Years |
| ✚ Equipment – other (incl. Fixtures & fittings) | 5 Years |
| ✚ Motor Vehicle | 5 Years |

- 4.7 Immovable fixtures and fittings (i.e. those that are permanently or solidly fixed to the physical structure of the building) are to be capitalised and depreciated as part of the

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Freehold Buildings category. All other fixtures and fittings are to be depreciated over 5 years. All equipment items are to be depreciated over 5 years.

¹ Generally Accepted Accounting Principles

4.8 Related funding/grants will be **amortised** in a similar manner.

Fixed Assets Procedures

5 Acquisition of Assets

5.1 Purchased Fixed Assets

The purchasing and procurement of University fixed assets shall be carried out in strict compliance with the University's policy on same outlined at the Procurement to Payment section on the UCC website. The principles of openness, transparency, and value for money shall be applied by way of seeking quotations and tenders as appropriate in accordance with University Policy. For more information on the University's policies in relation to Procurement to Payment <http://www.ucc.ie/en/procurement/procurementpoliciesandprocedures/>

5.2 Donated Fixed Assets

Where a department receives an asset as a gift or donation, they should contact the Office of Corporate & Legal Affairs to put in place a formal acceptance agreement and also to contact the Capital Accounting section of the finance office to agree an appropriate valuation for the asset for the purposes of the asset register. These Valuations are generally based on a market value (i.e. a building would be recorded at its current market value, other items based on whether new or used etc.)

5.3 Heritage Assets

Definition:

'A tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.'

The University holds and conserves certain collections, artefacts and other assets of historical/artistic importance. Some of these are housed in the University's library. Other collections are held in academic departments or are on display as public art.

Heritage assets exceeding the capitalization threshold acquired since 2012 have been included on our Fixed Asset Register. Heritage assets are classified separately to other fixed assets and they are not depreciated.

The Capital Accounting office must be notified of any donation or disposal of any Heritage Asset.

6 Recording of Fixed Assets (Fixed Asset Register)

6.1 Fixed Asset Register Module on Agresso

The University has developed a centrally maintained consolidated **Fixed Asset Register (FAR)** module in Agresso that will meet its custodial obligations and insurance needs, as well as funding bodies' requirements. The University is also required by both External Auditors and the Comptroller and Auditor General to maintain an Asset Register of capitalised assets and to physically account for the existence of these assets.

Under the FAR, there will be common criteria for the recognition of fixed assets that will be reconciled to the University's financial statements. The FAR will make it easier to account for depreciation and ensure accuracy in tracking and accounting for fully written off assets and disposals.

6.2 What gets capitalised in the Fixed Asset Register?

All of the University's fixed assets with an individual item cost of €10,000 (inclusive of VAT) and above will be captured on the Fixed Asset Register.

This process within the Fixed Asset Register module will be managed and maintained centrally by the Capital Accounting section of the Finance Office. Departments should continue to process all fixed asset invoices through Accounts Payable, as before. A number of examples are set out in Appendix [1] which explains how various invoices will be treated under this new procedure and what product/account code to use when purchasing assets.

For definitions of a Fixed Asset please see section 3 Definition and Terms

For more detailed accounting standard guidance on capitalisation, please see Appendix 6.

6.3 What information will be included in relation to each individual asset?

An Asset Tag Number will be automatically assigned to each asset item that is capitalised in the Fixed Asset Register module. It will be mandatory to include the following details in relation to each fixed asset, once the Asset Tag Number has been generated:

- ↓ Item ID
- ↓ Item Description
- ↓ Location (Building, floor and room number)
- ↓ Purchase Date
- ↓ Purchase Cost

- ✚ Depreciation Begin Date
- ✚ Depreciated Value
- ✚ Current Depreciation
- ✚ Total Depreciation
- ✚ Supplier
- ✚ Value in Euro
- ✚ Month Purchased
- ✚ Charge Code

The following items are optional fields but, in the case of certain equipment items, may assist in easier identification and verification of said assets:

- ✚ Serial Number
- ✚ Model Number
- ✚ Manufacturer
- ✚ Purchase Order Number

All movable fixed assets, which have been included in the FAR, should be appropriately tagged with the Asset Tag Number, to clearly identify it as being University property. Tags will be provided by the Finance Office once the asset has been appropriately set-up and recorded in the FAR.

6.4 What are Asset Tags and how will they be generated?

Tagging is the process of numbering fixed assets and allows the tracking of the movement of fixed assets from location to location.

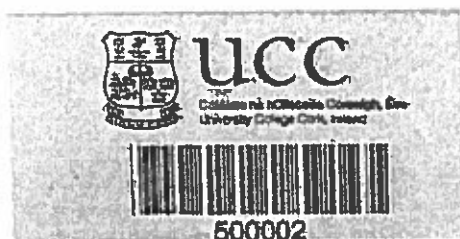
Tagging allows the positive identification of assets. It can

- Provide an accurate method of identifying individual assets,
- Aid in the taking of physical inventory,
- Control the location of all physical assets,
- Act as theft deterrence,
- Aid in preventive maintenance of fixed assets, and
- Provide a common ground of communication for the Finance Office and the assets' users.

The tag number is entered in the asset master record on the FAR at the point of tagging by the Finance Office. The asset tag itself will be issued by the Finance Office to the asset assignee (with responsibility for the asset) for attachment to the asset.

UCC's asset tags are pre-printed labels with bar-codes.

Sample of UCC Tag



Asset tags should be consistently placed in the same location on each similar asset type. The tags should be placed, if possible, where they can be

- Easily accessible for viewing
- Easily identifiable without disturbing the operation of the asset

This will assist in the inventory process.

6.5 Scanning of Asset Tags & Audit of Assets

An Asset Tracking module has been developed as an add-on to the existing Agresso Fixed Assets Module to facilitate the auditing (checking) of assets on a cyclical basis. This is particularly relevant for an organisation like UCC that has dispersed assets.

Each cost centre manager will be responsible for the maintenance, transfer and disposal of assets.

The Finance Office will periodically under-take an audit of assets, driven by a physical location, which will involve the auditor to go to that location and physically scan all assets there with a bar-code reader. The scanned details are then uploaded into the Asset Tracker module and compared to the asset details retained on the FAR - any variances are highlighted by pre-set enquiries and audit reports. **All such variances are then investigated and corrective action taken. This will involve communication with the Asset Assignee and the Department/Cost Centre/Research Centre Approver where required.**

6.6 Land and Buildings

A register of Land & Buildings is maintained centrally by the Finance Office. Title deeds and contracts relating to Land & Buildings are maintained by the Office of Corporate & Legal Affairs.

6.7 Reconciliations

A listing of Capitalised Fixed Asset items over €10,000 as contained in the Fixed Asset Register will be circulated by email to all cost centre managers on a periodic basis. This listing should be reviewed and checked to the department's own asset listing to ensure that the information has been captured accurately. Any issues or amendments required should be forwarded to the Capital balance sheet, while only assets with a value of €10,000 or more are being recorded on the Fixed Asset Register in Agresso. The reconciliation of these two balances is important from a control and an accuracy point of view.

7 Responsibilities

7.1 All University Staff

All University staff must take responsibility for protecting the fixed assets in their custody and ensure that the assets are used for authorised UCC purposes.

7.2 Departmental/Research Centre Responsibility

At a local departmental level, each head of Department/Research Centre is responsible for ensuring that a register of Capital Equipment owned is maintained. Capital Equipment includes computers, laboratory equipment, teaching and research equipment.

Assets are treated differently depending on the value.

Assets Greater than €10,000

From 1st October 2011 all assets with a value greater than €10,000 (incl. vat) will be recorded on the Central Fixed Asset Register (FAR) module in Agresso.

The Finance Office will be responsible for maintaining the Central Fixed Asset Register.

Each department will be provided with a report from the Fixed Asset Register, listing all items over €10,000 which have been Capitalised. This report will be emailed periodically directly to each cost centre manager and should be checked to ensure accuracy.

Assets Less than €10,000

Each department continues to have responsibility for maintaining their own registers of Capital Equipment less than €10,000 on either a spreadsheet or database, especially in relation to assets/items purchased which have not been captured on the Fixed Asset Register (i.e. capital items with a value of less than €10,000 inclusive of VAT). The register should include the following information, in relation to each asset:

- ✚ Purchase Order Number
- ✚ Supplier Name
- ✚ Invoices No.
- ✚ Description of Asset
- ✚ Cost including VAT
- ✚ Location of equipment (Dept and location within Dept)
- ✚ Year Acquired
- ✚ Cost Centre Charged
- ✚ Project Charged if Applicable

- ✚ Serial Number
- ✚ Tag Number (unique identifying number that the Department chooses to put on that piece of equipment)

The Finance Office can provide advice and assistance on the most appropriate way to maintain these individual asset registers.

Departments must also ensure that all assets within a department / school / research centre are properly recorded on a register, tagged for tracking purposes and adequately secured.

Particular attention, in terms of security risk, should be directed to “portable” items that fall below the capitalisation threshold but may be recorded on the local asset registers. Examples include scanners, video recorders, mobile phones, laptops and communication equipment. Due to their portable nature, these items are susceptible to theft or loss and in their potential for personal use or resale. Regular checks of such items can assist in better management of such assets and reduce the risk of theft

It is the responsibility of each individual department to check all information sent to them from the FAR for accuracy and appropriateness, to tag all fixed asset items as requested and to maintain a full listing of all individual department fixed assets. Specifically departments and research centres are asked to

- ✚ Ensure that all necessary action is taken to protect the fixed assets in the custody of the Department, Centre, School, unit.
- ✚ Ensure that on receipt of the Asset Information Form from the Finance Office that all details such as asset location, serial numbers, asset cost code and contact person are verified for inclusion on the FAR Asset Master File
- ✚ Ensure that Fixed Asset Tags (barcode stickers) are affixed to the assets and notify the Capital Accounting Office in the Finance Office of any amendments required to details shown on the Asset Information Form or the FAR Summary Report.
- ✚ Complete an Asset Disposal / Transfer form for all fixed assets leaving the organisational unit and forward to the Fixed Asset Register Section, Capital Accounting in the Finance Office.

7.3 Capital Accounting, Finance Office

The ultimate responsibility for the maintenance and the recording of transactions within the Fixed Asset Register module in Agresso rests with the Capital Accounting team in the Finance Office. Any queries relating to the FAR should be addressed to them.

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7.4 Meeting funding body requirements

Certain funding bodies have additional requirements in relation to the capitalisation of equipment.

7.5 Reports

The Report Summary of Fixed Assets recorded on the FAR will be circulated by email to all cost centre managers and the review/reconciliation process should be adhered to.

The report will list equipment on the Central Fixed Asset Register showing the equipment detail and location details along with the Asset Tag number.

- Sample of Reports

Summary of Fixed Assets Recorded on FAR module in Agresso

Cost Centre
Project Name
Project Code
From 201201 To 201206

| Trans. Date | Invoice No | Supplier (T) | Account (T) | Project | CostC | Amount | Trans No | Period | Asset | Parent Asset | Location | Asset Tag | Serial Number |
|-------------|------------|---------------------------|----------------------------------|---------|-------|------------|-----------|--------|---------|--------------|--|-----------|---------------|
| 19/01/2012 | 3600317414 | Dell Computer Corporation | Laboratory Instruments | AM0040 | 4132 | 209,311.86 | 290129744 | 201202 | 1000225 | 1000225 | Main Campus Bioscience Building(53)Fifth Floor, 1F A12 | 500001 | XY125 |
| 31/01/2012 | CNest3 | Dell Computer Corporation | Server & Related Items Purchased | AM0040 | 4132 | -14,999.99 | 290130088 | 201204 | 1000225 | 1000225 | Main Campus Bioscience Building(53)Fifth Floor, 1F A12 | 500010 | 201201X |
| | | | | | | 194,311.87 | | | | | | | |

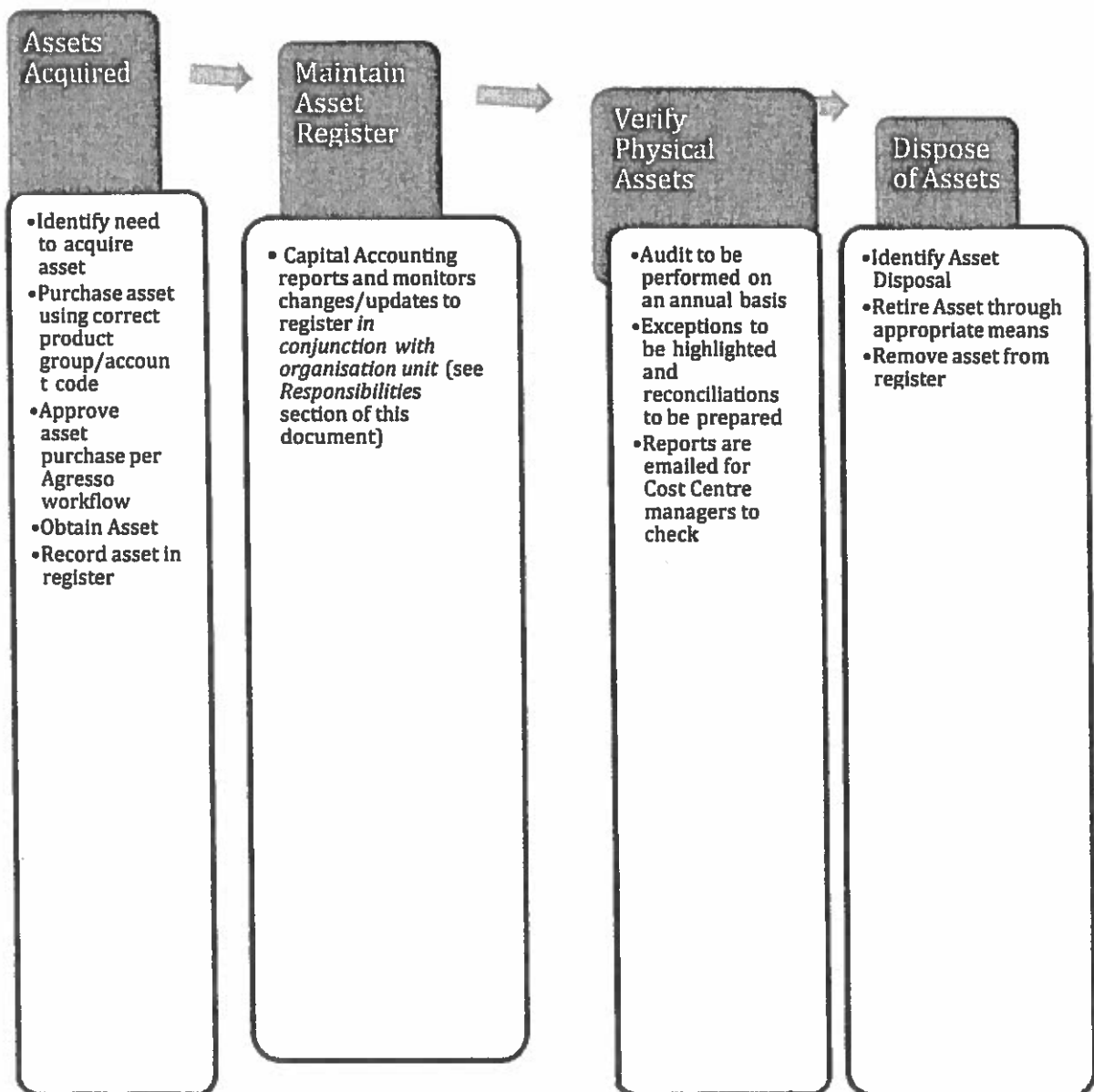
Summary of Fixed Assets purchased greater than €10,000 with individual items less than €10,000

i.e. these transactions which have been brought onto the FAR but are sitting not capitalised

Cost Centre
Project Name
Project Code
From 201201 To 201206

| Trans. Date | Invoice No | Supplier (T) | Account (T) | Project | CostC | Amount | Trans No | Period |
|-------------|------------|----------------|------------------------|---------|-------|-----------|-----------|--------|
| 19/01/2012 | SO153873 | PFH Technology | Laboratory Instruments | AM0040 | 4132 | 25,649.38 | 290129746 | 201202 |
| | | | | | | 25,649.38 | | |

8 Overview of Fixed Asset Process



9 Disposal of Fixed Assets

9.1 Disposing of fixed assets

Assets can be disposed of in a number of ways:

- ✚ Assets may be transferred from one department to another in which case there is a separate form to be completed called the **Transfer of Assets form** (Appendix 1 Transfer of Asset Form – DISPASS1).
- ✚ A department may choose to donate assets no longer required to a registered charity or disadvantaged school with whom the University has links. There is a separate form called the **Donation of Assets Form** setting out how this should be managed (Appendix 2 Donation of Assets Form – DISPASS2).
- ✚ There are also certain situations where staff members may wish to purchase equipment. This is often the case in relation to computers which are no longer in use and out of date. A separate procedure sets out the process followed in such circumstances to facilitate staff purchases while meeting audit requirements. Also from time to time a situation may arise where a researcher/staff member may transfer from one University to another and wish to take his/her equipment with the. In such situations, the relevant department should make contact with the Office of Corporate and Legal Affairs in order to put in place legal arrangements to affect such a transfer. The Finance Office should also be informed in order to identify the legal obligations in taking each piece of equipment set out by the funding body. VAT may be chargeable on the sale of such assets to a third party organisation and it is important that Finance Office advice is sought prior to any agreement with a third party. The disposal of assets to a third party other than listed above should not take place without consulting the Office of Corporate and Legal Affairs. There is a separate form called **Sale of Equipment to Staff** (Appendix 3 – Procedure for Sale of Equipment to Staff Members – DISPASS3).
- ✚ In the case of **redundant/obsolete equipment/computers** which are no longer in use there is a **Disposal of Fixed Asset Form**. (Appendix 4 Disposal of Fixed Asset Form – DISPASS4).

9.2 Disposal/Sale of Motor Vehicle

1. All motor vehicles that have come to the end of their useful life should in the first instance be traded in against future purchases in the School/Dept/Cost Centre/Research Centre.
2. If the Department does not intend purchasing a new motor vehicle, contact should be made with the Buildings & Estates Office to see if they can utilize the motor vehicle as part of a purchase trade-in that they may be intending to make.
3. In the event that there is no demand for a trade-in from either the School/Dept/Cost Centre/Research Centre or Buildings & Estates, there are two options available to the School/Dept/Cost Centre/Research Centre;
 - (i) It can be offered for sale to all staff in the School/Dept/Cost Centre/Research Centre which owns it. It cannot be sold to a third party.
 - (ii) If no staff member wishes to purchase the vehicle it should be scrapped and this should be done in conjunction with the Buildings & Estates Office.
4. The School/Dept/Cost Centre/Research Centre must ensure that the Funding Body requirements for assets are adhered to.
5. The current market value of the motor vehicle must be sourced from an independent reputable garage in writing. Any reduction in market value due to the need for future repairs should be separately identified in writing by the garage.
6. The Department should complete the **Disposal/Sale of Motor Vehicle Form - DISPASS5** and forward to Capital Accounting, Finance Office.

9.3 Authorisation

Each department/central services unit assets should not be sold or disposed of without the authorisation of the Head of the Department/Unit/Research Project.

9.4 Disposal Price

All disposals should be made at the market value of the asset at the date of sale.

In order to arrive at the market value, three quotations should be sought from the market place and the quotation that offers the best economical value for the University should be the finally agreed price. A file should be maintained of all quotations received and the rationale for all decisions taken.

The Fixed Asset Register must be adjusted for all disposals and the Finance Office must be advised of all assets disposed of.

10 Further Information/Guidelines

UCC's Fixed Asset Policy (October 2011)



Fixed Asset Register Contacts

For Asset Registrations/Register enquiries/Asset Disposals/Fixed Asset Training

Geraldine Murphy -

Capital Accounting

Finance Office

UCC

Extension: (490) 3333

Email: Capital.Accounting@ucc.ie

Appendices

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A. Different Scenarios

How invoices will be treated in the Fixed Asset Register- Scenarios

The product /account code that you choose when purchasing will determine whether the expenditure will be deemed an Asset to UCC

Below is a list that is included in the Fixed Asset Register

Selecting the correct product/ account code is very important to ensure that UCC captures all the Fixed Assets correctly.

| Account | Description |
|---------|---|
| 3136 | Photography Equipment |
| 3635 | Laboratory Instruments |
| 3835 | Office Equipment Purchase |
| 3850 | Photocopier Purchase |
| 4200 | Audio Visual Equipment Purchase |
| 4215 | Printer Purchase |
| 4245 | Server & Related Items Purchase |
| 4255 | Desktop Computer (PCs) Purchase |
| 4265 | Computer Network Equipment Purchase & Installation |
| 4275 | Portable/Laptop Purchase |
| 4400 | Furniture & Fittings including Rental |
| 4405 | Electrical White Goods & Domestic Kitchen Equipment, incl Hire & Repair |
| 4410 | Laboratory Furniture - Free Standing |
| 4420 | Laboratory / Research Equipment |
| 4425 | Works Of Art, Purchase, Restoration |
| 4430 | Equipment - General |
| 4440 | Motor Vehicle - Purchase |
| 4445 | Sports Equipment |
| 4450 | Telephone Equipment |
| 4849 | Internal Charges - UCC Computer Centre Hardware Purchase |

Scenario 1

Buy one or a number of items that **individually total more than €10,000, inclusive of VAT**. These items will be treated as follows:

Recorded on the FAR (Registered, Asset Id generated)
Capitalised (Financial postings on General Ledger)
Reportable – included on FAR Summary report which is issued to Cost Centre Managers/Research Centre Managers where assigned to particular asset

Scenario 2

Buy **numerous** items that total more than €10,000 but **each item individually costs less than €10,000**.

The items will be recorded separately (if over €1,000) but **not capitalised**

Recorded on the FAR (Registered, Asset Id generated)
Reportable – included on FAR Summary report which is issued to Cost Centre Managers/Research Managers where assigned to particular asset

Scenario 3

One item that is less than €10,000 in value, inclusive of vat, is purchased but which is an add-on-part of a larger capitalised item. (This process also applies to journal additions/adjustments).

This item should be merged with the larger item's record (parent asset) and capitalised. Merging will be carried out centrally. All that is required is to complete the **Asset Addition/Adjustment Form** on the Finance Office website and e-mail completed form to Capital Accounting at Capital.Accounting@ucc.ie

This form includes a section where the parent asset number should be identified and, if possible, the parent asset tag, which should be attached to the parent asset in the asset location or alternatively available on your FAR report.

Appendix 1 - Transfer of Asset Form – DISPASS1

When transferring Equipment or any other Asset from one Department to another, this form must be completed and forwarded to the Capital Accounting, Finance Office, UCC.

To be Completed by Head of Department:

Existing Department Name:

Cost Centre:

Description of Asset:

Fixed Asset Register Tag Number:

Transfer Details:

Transferred to Department:

Contact Person in Department:

Date of Transfer:

Sale Proceeds:

€

Original Purchase Price:

€

Departmental Code for crediting sale proceeds

Approved by:

Head of Department (*Receiving Asset*)

Date:

Head of Department (*Selling Asset*):

Date:

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To be Completed by Capital Accounting, Finance Office.

Received by: _____ Date: _____

Approved by: _____ Date: _____
(Finance Office)

Fixed Asset Register:

Asset I.D.: _____ Asset Tag: _____

Asset Original Value: _____ Current Value: _____

Accumulated Depreciation: _____

FAR Updated by: _____ Date: _____

Appendix 2 - Donation of Assets Form - DISPASS2

Departments may arrange to donate Assets to a Registered Charity or Disadvantaged School with whom the University has links. Departments are asked to liaise with the UCC+ Officer for an up-to-date list of Disadvantaged Schools and Registered Charities. For Computer Donations, please ensure that computers are reformatted by the Computer Centre and that no software applications are installed on the P.C. when being donated. License Agreements are between software companies and UCC and cannot be transferred.

Please forward a copy of the completed form to the Capital Accounting, Finance Office, UCC.

To be Completed by Head of Department:

Department Name: Cost Centre:

Description of Asset: _____

Fixed Asset Register Tag Number :

Computer Reformatted: Computer Centre Contact _____ Date: _____

Donation Details

Donated To: _____
(Company Name)

Contact Person: _____

Date of Donation: _____

Approved by:

_____ Date: _____
Head of Department

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To be Completed by Capital Accounting, Finance Office.

Received by: _____ Date: _____

Approved by: _____ Date: _____
(Finance Office)

Fixed Asset Register:

Asset I.D.: _____ Asset Tag: _____

Asset Original Value: _____ Current Value: _____

Accumulated Depreciation: _____

FAR Updated by: _____ Date: _____

Appendix 3 – Sale of Equipment to Staff – DISPASS3

Background

In the case of redundant equipment, instances may arise where staff members wish to purchase equipment, in particular computers, which are no longer in use in the University. The following procedure sets out the process to be followed in such instances to facilitate staff purchases while meeting audit requirements.

Procedure

Where an office has identified equipment to be replaced and has funding to purchase new equipment the office should in the first instance seek to trade in the equipment against the new purchase. When the trade-in deal is deemed to be unsatisfactory the office may offer the equipment for open sale to all staff members in the department in the first instance. Alternatively please contact the Capital Accounting Office (Ext. 3333) who will arrange to donate the equipment to a registered charity or designated disadvantaged primary or secondary school, or with whom the university has links.

For staff who wishes to purchase equipment, the following procedure should be followed:

- The relevant department should contact the Capital Accounting Office, to request an independent valuation of the asset(s) being disposed of.
- The Capital Accounting Office will arrange, through the Procurement Office and in conjunction with the Computer Centre in the case of computer equipment and Audio-visual unit in the case of audio-visual equipment, to source an independent market price for the asset(s).
- The Finance Office will then approve a price and notify the relevant department.
- The attached form should then be completed and forwarded to the Capital Accounting Office. The form must be signed by the staff member purchasing the asset and the relevant Head of Department.
- The Asset will transfer to the staff member on receipt by the Capital Accounting Office of a cheque/bank draft for the approved price. A completed department lodgment slip must accompany all payments.
- The proceeds will be lodged to the relevant departmental account i.e. the account that paid for the equipment originally.
- A sold note will be issued to the purchasers when the proceeds have been receipted.

Sale of Equipment to Staff – DISPASS 3

To be Completed by Head of Department:

Department Name: _____

Description of Equipment: _____

Fixed Asset Tag No.: _____

Reason for Disposal: _____

Date Purchased: _____ Purchase Price: € _____

Sale Agreed Amount: _____

Department Code for Crediting Sales Proceeds: _____

Sale Approved by Dept Head: _____ Date: _____
Signature

Staff Member Signature: _____ Date: _____
Signature

Staff Number: _____

To be Completed by Capital Accounting, Finance Office:

Independent Market Value: YES/NO Independent Market Value: € _____

Cheque/Cash Enclosed: YES/NO Amount: € _____

Fixed Asset Register:

Asset I.D.: _____ Asset Tag: _____

Asset Original Value: _____ Current Value: _____

Accumulated Depreciation: _____

FAR Updated by: _____ Date: _____

Appendix 4: Disposal of Fixed Asset Form – DISPASS4

Background

In the case of redundant equipment/computers, which are obsolete and no longer in use in the University, the following procedure should be followed.

Procedure

Where a Department has identified equipment/computers obsolete and no longer in use:

- The attached form must be completed and signed by the relevant Head of Department.
- The completed form must be forwarded to the Capital Accounting Office.
Capital.Accounting@ucc.ie
- The Fixed Asset will be removed from the Fixed Asset Register.

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Disposal of Fixed Asset Form – DISPASS4

TO BE COMPLETED BY DEPARTMENT HEAD:

Department Name: _____

Cost Centre: _____ Dept/Research/Capital Code: _____

Description of Asset/Equipment: _____

Reason for Disposal: Obsolete: Scrapped: (If sold please refer to DISPASS3)

ASSET DETAILS:

Fixed Asset Register Tag No.: _____ Date of Disposal: _____

Model No.: _____ Serial No.: _____

Date Purchased: _____ Purchase Price: € _____

Asset Location: _____

Approved by:

Head of Department: _____ Date: _____

To be Completed by Capital Accounting, Finance Office.

Received by: _____ Date: _____

Approved by: _____ Date: _____
(Finance Office)

Fixed Asset Register:

Asset I.D.: _____ Asset Tag: _____

Asset Original Value: _____ Current Value: _____

Accumulated Depreciation: _____

FAR Updated by: _____ Date: _____

Appendix 5 – Procedure for Disposal/Sale of Motor Vehicles – DISPASS5

1. All motor vehicles that have come to the end of their useful life should in the first instance be traded in against future purchases in the Dept/Cost Centre/Research Centre.
2. If the Department does not intend purchasing a new motor vehicle, contact should be made with the Buildings & Estates Office to see if they can utilize the motor vehicle as part of a purchase trade-in that they may be intending to make.
3. In the event that there is no demand for a trade in from either the Dept/Cost Centre/Research Centre or Buildings & Estates, there are two options available:
 - (i) It can be offered for sale to all staff in the Department/Cost Centre/Research Centre which owns it. It cannot be sold to a third party.
 - (ii) If no staff member wishes to purchase the vehicle it should be scrapped and this should be done in conjunction with the Buildings & Estates Office.
4. The Dept/Cost Centre/Research Centre must ensure that the Funding Body requirements for assets are adhered to.
5. The current market value of the motor vehicle must be sourced from an independent reputable garage in writing. Any reduction in market value due to the need for future repairs should be separately identified in writing by the garage.
6. The Department should complete the *Disposal/Sale of Motor Vehicle Form* and send to Capital Accounting, Finance Office.

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Fixed Asset Policy & Procedures

March 2017

Issued by the Finance Office

Disposal/Sale of Motor Vehicle - DISPASS5

To be Completed by Head of Department:

Name of Department:

Cost Centre No.:

Method of Disposal:

Scrapage:

Sale:

Trade-in:

Other:

Name of Purchaser:

Staff No.:

(If applicable)

Details of Motor Vehicle

Supplier Purchased From

Supplier ID

Date of Purchase

RQNR

Invoice No.:

Invoice Date:

Purchase Price:

Description of Motor Vehicle

Year

Make

Model

Registration No

Fixed Asset Tag No.

Transaction No. on Agresso

Independent Valuation of Motor Vehicle

Amount: €

From:

Date:

Copy of Valuation Attached: YES/NO

Agreed Price: €

Account Code to Credit Payment:

| Account | Cost Centre | Project | € Amount |
|---------|-------------|---------|----------|
| | | | |

In signing below the Approver/Manager is confirming that:

1. The Motor Vehicle cannot be used/traded in against future purchases in the Dept/School/Research Centre.
2. Contact has been made with the Buildings and Estates Office to confirm they cannot utilise the vehicle as a trade in.
3. The Motor Vehicle has been offered for Sale to all Staff in the School/Dept/Cost Centre/Research Centre.
4. All Funding Body requirements are met and that UCC is entitled to sell this vehicle.
5. Contact made with OCLA in relation to transfer of ownership and insurance.

Signed: _____

Date: _____

Fixed Asset Policy & Procedures

March 2017

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| To be Completed by Finance Office: | |
|---|---|
| OCLA | _____ <i>Signature:</i> _____ <i>Date:</i> _____ |
| Finance Office: | _____ <i>Signature:</i> _____ <i>Date:</i> _____ |
| Cheque/Cash Received & Lodged <input type="checkbox"/> | _____ <i>Signature:</i> _____ <i>Date:</i> _____ |
| Receipt sent to Purchaser <input type="checkbox"/> | _____ <i>Signature:</i> _____ <i>Date:</i> _____ |
| Contact Procurement Office to Cancel Fuel Card (if Applicable) <input type="checkbox"/> | _____ <i>Signature:</i> _____ <i>Date:</i> _____ |
| Fuel Card Number: | _____ |

Appendix 6 - Tangible Fixed Assets – Accounting Policy

Land and buildings

The University's buildings are valued at depreciated replacement cost. Land and buildings are stated in the balance sheet at valuation on the basis of depreciated replacement cost as they are specialised buildings and therefore it is not appropriate to value them on the basis of open market value. The last valuation was carried out on 30 September 1994. The University has fixed the value of the land and buildings as at 30 September 1994 as this was the first year of the implementation of generally accepted accounting principles in respect of Fixed Assets in presenting the financial statements of the University. Land and buildings acquired since the valuation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the University of 50 years.

Where land and buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Finance costs which are directly attributable to the construction of land and buildings are not capitalised as part of the cost of those assets.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable.

Buildings under construction are accounted for at cost, based on the value of architects' certificates and other direct costs incurred to the financial year end. They are not depreciated until they are brought into use.

Equipment

All equipment is capitalised at cost. Capitalised equipment is depreciated over its useful economic life as follows:

| | |
|--------------------|---------|
| Computer equipment | 3 years |
| Equipment | 5 years |

Where equipment is acquired with the aid of specific grants it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to income and expenditure account over the expected useful economic life of the related equipment.

Appendix 7 – Capitalisation guidance from FRS 15 Tangible Fixed Assets

(extracted directly from accounting standard as an initial guide for users – please refer to standard directly for further information and detail)

Initial Measurement – Cost³

- 11 A tangible fixed asset should initially be measured at cost.
- 12 Costs, but only those costs, that are directly attributable to bringing the asset into working condition for its intended use should be included in its measurement.
- 13 The cost of a tangible fixed asset (whether acquired or self-constructed) comprises its purchase price (after deducting any trade discounts and rebates) and any costs directly attributable to bringing it into working condition for its intended use.
- 14 Directly attributable costs are:
 - a. The labour costs of own employees (e.g. site workers, in-house architects and surveyors) arising directly from the construction, or acquisition, of the specific tangible fixed asset; and
 - b. The incremental costs to the entity that would have been avoided only if the tangible fixed assets had not been constructed or acquired⁴

It follows that administration and other general overhead costs would be excluded from the cost a tangible fixed asset. Employee costs not related to the specific asset (such as site selection activities) are not directly attributable costs.

- 15 Examples of directly attributable costs include:
 - ✚ Acquisition costs (such as stamp duty, import duties and non-refundable purchase taxes),
 - ✚ The cost of site preparation and clearance
 - ✚ Initial delivery and handling costs
 - ✚ Installation costs
 - ✚ Professional fees (such as legal, architects' and engineers' fees)
 - ✚ The estimated cost of dismantling and removing the asset and restoring the site to the extent that it is recognised as a provision under FRS 12 'Provisions, Contingent Liabilities and Contingent Assets'. The fact that the prospect of such expenditures emerges only some times after the original capitalisation of the asset (e.g. because of legislative changes) does not preclude their capitalisation.
- 16 Abnormal costs (such as those relating to design errors, industrial disputes, idle capacity, wasted materials, labour or other resources and production delays) and costs such as operating losses that occur because revenue activity has been suspended during the

³ Paragraph numbers refer to actual paragraph references in the standard

⁴ For example, moving costs or rent incurred as a result of a required move during the period of construction, etc.

construction of a tangible fixed asset is not directly attributable to bringing the assets into working condition for its intended use.

- 17 Capitalisation of directly attributable costs should cease when substantially all the activities that are necessary to get the tangible fixed asset ready for use are complete, even if the asset has not yet been brought into use.
- 18 A tangible fixed asset is ready for use when its physical construction is complete.
- 19 The costs associated with a start-up or commissioning period should be included in the cost of the tangible fixed asset only where the asset is available for use but incapable of operating at normal levels without such a start-up or commissioning period.

Initial Measurement – Subsequent Expenditure

34. Subsequent expenditure to ensure that the tangible fixed asset maintains its previously assessed standard of performance should be recognised in the profit and loss account as it is incurred
35. This type of expenditure is often referred to as 'repairs and maintenance' expenditure. An entity will assess the standard of performance of an asset (or a component of the asset) to determine its useful economic life and residual value. It will also assume that certain 'repairs and maintenance' expenditure will be carried out to maintain the standard of performance of the asset over its estimated useful economic life. Examples are the cost of servicing or the routine overhauling of plant and equipment and repainting a building structure. Without such expenditure the depreciation expense would be increased because the useful economic life or residual value of the asset would be reduced.
36. Subsequent expenditure should be capitalised in three circumstances:
 - (a) where the subsequent expenditure provides an enhancement of the economic benefits of the tangible fixed asset in excess of the previously assessed standard of performance.
 - (b) where a component of the tangible fixed asset that has been treated separately for depreciation purposes and depreciated over its individual useful economic life, is replaced or restored.
 - (c) where the subsequent expenditure relates to a major inspection or overhaul of a tangible fixed asset that restores the economic benefits of the asset that have been consumed by the entity and have already been reflected in depreciation.
37. Subsequent expenditure on a tangible fixed asset is recognised as an addition to the asset to the extent that the expenditure improves the condition of the asset beyond its previously assessed standard of performance. Examples of subsequent expenditure that results in an enhancement of economic benefits include:

- ✚ modification of an item of plant to extend its useful economic life or increase its capacity
- ✚ upgrading machine parts to achieve a substantial improvement in the quality of output

38. Some tangible fixed assets require, in addition to routine repairs and maintenance (which is treated in accordance with paragraph 34), substantial expenditure every few years for major refits or refurbishment or the replacement or restoration of major components. For example, a furnace may require relining every five years. In accordance with paragraph 83, for depreciation purposes an entity accounts separately for major components (e.g. the furnace lining) that have substantially different useful economic lives from the rest of the asset. In such a case, each component is depreciated over its individual useful economic life, so that the depreciation profile of the whole asset more accurately reflects the actual consumption of the asset's economic benefits. Subsequent expenditure incurred in replacing or renewing the component is accounted for as an addition to the tangible fixed asset and the carrying amount of the replaced component is removed from the balance sheet in accordance with paragraphs 72 and 73

39. The same approach may also be applied to major inspections and overhauls of tangible fixed assets. For example, an aircraft may be required by law to be overhauled once every three years. Unless the overhaul is undertaken the aircraft cannot continue to be flown. The entity reflects the need to undertake the overhaul or inspection by depreciating an amount of the asset that is equivalent to the expected inspection or overhaul costs over the period until the next inspection or overhaul. In such a case, the cost of the inspection or overhaul is capitalised when incurred because it restores the economic benefits of the tangible fixed asset and the carrying amount representing the cost of the benefits consumed is removed from the balance sheet in accordance with paragraphs 72 and 73

40. The accounting treatment for subsequent expenditure should reflect the circumstances that were taken into account on the initial recognition of the asset and the depreciation profile adopted (or subsequent revisions thereof). Therefore, when the carrying amount of the asset already takes into account a consumption of economic benefits, e.g. by depreciating components of the asset at a faster rate than the asset as a whole (or by a previous impairment of the asset or component), the subsequent expenditure to restore those economic benefits is capitalised. The decision whether to identify separate components or future expenditures on overhauls or inspections for depreciation over a shorter useful economic life than the rest of the tangible fixed asset is likely to reflect:


- ✚ whether the useful economic lives of the components are, or the period until the next inspection or overhaul is, substantially different from the useful economic life of the remainder of the asset;
- ✚ the degree of irregularity in the level of expenditures required to restate the component or asset in different accounting periods; and
- ✚ their materiality in the context of the financial statements.

41. Where it has been determined not to account for each tangible fixed asset as several different asset components or to depreciate part of the asset over a different timescale from the rest of the asset, the cost of replacing, restoring, overhauling or inspecting the asset or components of the asset is not capitalised, but instead is recognised in the profit and loss account as incurred in accordance with paragraph 34

Valuation – Reporting gains and losses on disposal

72. The profit or loss on the disposal of a tangible fixed asset should be accounted for in the profit and loss account of the period in which the disposal occurs as the difference between the net sale proceeds and the carrying amount, whether carried at historical cost (less any provisions made) or at a valuation. Profits or losses on the disposal of fixed assets should be shown in accordance with FRS 3 'Reporting Financial Performance'.
73. Where an asset (or a component of an asset) is replaced, its carrying amount is removed from the balance sheet (by eliminating its cost (or revalued amount) and related accumulated depreciation) and the resulting gain or loss on disposal is recorded in accordance with paragraph 72. For example, a new tangible fixed asset may be acquired from insurance proceeds when a previously held tangible fixed asset has been lost or destroyed. In such cases the lost or destroyed asset is removed from the balance sheet and the resulting gain or loss on disposal (being the difference between the carrying amount and the insurance proceeds) is recognised. The replacement asset is recorded at its cost.

Appendix 8 – Fixed Asset Information Request Form

|  UCC Fixed Asset Information Request Form | | | | | | | | | | | | | |
|---|---|-------------------|--|-----------|--|--------------|--|------|--|--|------------------------------|-------------------|--|
| Please complete shaded areas on form and email to Capital Accounting Capital Accounting@ucc.ie | | | | | | | | | | | | | |
| <i>To be completed by the Finance Office in the case of a new asset</i> | | | | | | | | | | | | | |
| Transaction No: | 290130103 | | | | | | | | | | | | |
| Account Code Charged: | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 25%;">Account</th> <th style="width: 25%;">CostCentre</th> <th style="width: 25%;">Project</th> <th style="width: 25%;">Amount</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">4420</td> <td style="text-align: center;">4450</td> <td style="text-align: center;">NA</td> <td></td> </tr> <tr> <td style="font-size: small;"><i>Laboratory / Research Equipment</i></td> <td style="font-size: small;"><i>Civil Engineering</i></td> <td style="font-size: small;"><i>Department</i></td> <td></td> </tr> </tbody> </table> | Account | CostCentre | Project | Amount | 4420 | 4450 | NA | | <i>Laboratory / Research Equipment</i> | <i>Civil Engineering</i> | <i>Department</i> | |
| Account | CostCentre | Project | Amount | | | | | | | | | | |
| 4420 | 4450 | NA | | | | | | | | | | | |
| <i>Laboratory / Research Equipment</i> | <i>Civil Engineering</i> | <i>Department</i> | | | | | | | | | | | |
| Date Purchased | 03/11/2011 | | | | | | | | | | | | |
| Purchase Order No: | 0 | | | | | | | | | | | | |
| Invoice No: | 5149668A | | | | | | | | | | | | |
| Supplier | Vishay Measurements Group UK Ltd <small>205528</small> | | | | | | | | | | | | |
| Description on Agresso | Test GBP Invoice | | | | | | | | | | | | |
| <i>To be completed by the Cost Centre Manager</i> | | | | | | | | | | | | | |
| Responsibility for Fixed Asset | | | | | | | | | | | | | |
| Cost Centre Manager | Name: <input style="width: 100%;" type="text"/> Resource No.: <input style="width: 100%;" type="text"/> | | | | | | | | | | | | |
| Custodian/Equipment assigne | Name: <input style="width: 100%;" type="text"/> Resource No.: <input style="width: 100%;" type="text"/> | | | | | | | | | | | | |
| Laboratory Name | <input style="width: 100%;" type="text"/> | | | | | | | | | | | | |
| Laboratory Manager | <input style="width: 100%;" type="text"/> | | | | | | | | | | | | |
| Equipment Description | <input style="width: 100%;" type="text"/> | | | | | | | | | | | | |
| Location of Equipment | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%;">Campus</td> <td><input style="width: 80%;" type="text"/></td> </tr> <tr> <td>Building</td> <td><input style="width: 80%;" type="text"/></td> </tr> <tr> <td>Floor</td> <td><input style="width: 80%;" type="text"/></td> </tr> <tr> <td>Room</td> <td><input style="width: 80%;" type="text"/></td> </tr> </table> | Campus | <input style="width: 80%;" type="text"/> | Building | <input style="width: 80%;" type="text"/> | Floor | <input style="width: 80%;" type="text"/> | Room | <input style="width: 80%;" type="text"/> | | | | |
| Campus | <input style="width: 80%;" type="text"/> | | | | | | | | | | | | |
| Building | <input style="width: 80%;" type="text"/> | | | | | | | | | | | | |
| Floor | <input style="width: 80%;" type="text"/> | | | | | | | | | | | | |
| Room | <input style="width: 80%;" type="text"/> | | | | | | | | | | | | |
| Equipment Spec | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%;">Serial No.</td> <td><input style="width: 80%;" type="text"/></td> </tr> <tr> <td>Model No.</td> <td><input style="width: 80%;" type="text"/></td> </tr> <tr> <td>Manufacturer</td> <td><input style="width: 80%;" type="text"/></td> </tr> </table> | Serial No. | <input style="width: 80%;" type="text"/> | Model No. | <input style="width: 80%;" type="text"/> | Manufacturer | <input style="width: 80%;" type="text"/> | | | | | | |
| Serial No. | <input style="width: 80%;" type="text"/> | | | | | | | | | | | | |
| Model No. | <input style="width: 80%;" type="text"/> | | | | | | | | | | | | |
| Manufacturer | <input style="width: 80%;" type="text"/> | | | | | | | | | | | | |
| Fixed Asset Further Information | <input style="width: 100%;" type="text"/> | | | | | | | | | | | | |
| Cost Centre Manager Signature : | <input style="width: 100%;" type="text"/> | | | | | | | | | | | | |
| Date : | <input style="width: 100%;" type="text"/> | | | | | | | | | | | | |
| <i>To be completed by the Finance Office in the case of a new asset</i> | | | | | | | | | | | | | |
| FAR Asset Tag No | <input style="width: 100%;" type="text"/> | | | | | | | | | | | | |
| Parent Fixed Asset No.: | <input style="width: 100%;" type="text"/> | | | | | | | | | | | | |
| A Fixed Asset Tag will be posted to the person nominated as being responsible for the equipment | | | | | | | | | | | | | |
| Signature: | <input style="width: 100%;" type="text"/> | | | | | | | | | | | | |
| Date: | <input style="width: 100%;" type="text"/> | | | | | | | | | | | | |