



Polasaí agus Nósanna Imeachta/Policies and Procedures

Code	QA315
Title	Fixed Asset Policy
Policy Owner	Bursar
Date	25/06/2025
Approved By	UMT/FRC/Údarás na hOllscoile

1. Purpose

This policy exists to ensure that capital expenditure across the University is clearly identified and accounted for accurately in a timely manner. It sets out information regarding the acquisition, recognition, safeguarding, and disposal for fixed assets in the University. The University accounts for its capital assets in accordance with the requirements of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland and the Statement of Recommended Practice – Accounting for Further and Higher Education'.

2. Acquisition

The procurement of fixed assets shall be carried out in strict compliance with the University's Procurement Policy and applicable National and EU legislation. The principles of openness, transparency and value for money shall be applied by seeking quotations and tenders as appropriate.

3. Definition

Capital expenditure is money spent on acquiring, upgrading or building assets, which can be either tangible or intangible (i.e. physical or not physical). It is generally used to purchase or develop property, furniture or fixtures, computer hardware and software, laboratory and other equipment. Capital expenditure also includes construction and improvements which increase the value and useful economic life of a building. Expenditure on general repairs and maintenance cannot be capitalised. Capital expenditure on intangible assets can be on purchases such as computer software, licenses, trademarks, patents, or copyrights or internally generated, for example software and website development costs.

4. Tangible Fixed Assets

A tangible fixed asset must meet the following criteria:

- The assets must be physical in nature, e.g. land, building, machine.
- Usually, the University will own the asset, but this is not necessarily the case, as long as the University controls the way in which it can be used and benefits from that use (e.g. a finance lease).
- The University must be entitled to receive the future economic benefit, which may take many forms, e.g. occupation of a building, use of machinery or a vehicle; and
- There must have been a past event which has given the University rights to the future economic benefits; this will usually be the purchase.

4.1 Land and Buildings

Land or buildings acquired by the University must be capitalised on the general ledger and the fixed asset register at the purchase price. Where the University is constructing a building, this should be



dealt with under the section Assets Under Construction, until completion of the building.

If land or buildings are gifted to the University, they must be included in the general ledger and fixed asset register at market value. The Buildings and Estates Office are responsible for notifying the Bursar's Office for financial reporting purposes and the Insurance Office for insurance purposes.

Only costs that are directly attributable to bringing the asset into working condition for its intended use are included. Costs associated with the assets include freight, transportation charges, site preparation expenditure, professional fees (e.g. title and surveying) and legal fees directly attributable to the assets acquisition.

Fixed Assets are not depreciated until they are in use. Land is not depreciated. Buildings are depreciated over their expected useful economic life to the University, normally fifty years. Leasehold Buildings are included in the Statement of Financial Position at cost and depreciated over the term of the lease. Renovation works are included at cost and normally depreciated over 20 years.

Where Land and Buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. Related Government grants are recognized as deferred capital grants and are released to the Statement of Comprehensive Income over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Borrowing costs which are directly attributable to the construction of land and buildings are capitalised as part of the cost of those assets.

4.2 Assets Under Construction

Buildings under construction are accounted for at cost, based on the value of architect's certificates and other direct costs incurred to the financial year end. They are not depreciated until they are brought into use. An annual review is carried out of 'Assets in the course of construction' (CIP) by the Bursar's office. Formal authorisation is required from the relevant budget holder/Project Manager that the Building/Asset is in use and so can be appropriately classified as a Fixed Asset and moved from CIP. This is obtained via the form 'Transfer from CIP' form (Appendix 1).

4.3 Equipment, Fixtures and Fittings, Motor Vehicles

Equipment, Fixtures and Fittings and Motor Vehicles costing greater than €10,000 per individual item is capitalised at cost.

Capitalised equipment is depreciated on a straight-line basis over its useful economic life as follows:

Asset Category	Useful Economic Life
Computer equipment	3 years
Motor Vehicles	5 years
Equipment including Teaching and Research equipment	5-10 years
Leased assets	Lease Term
Refurbished assets	20 years
Buildings	50 years



Where equipment is acquired with the aid of specific government grants, it is capitalised and depreciated in accordance with the depreciation policy, with any related grant recognised as deferred capital grants and released to the Statement of Comprehensive Income over the expected useful life of the equipment.

From time to time, the university may receive a donated asset. Custodians should advise the Finance Office of the donation as soon as it has been received. The donated asset should be valued at fair value at the time of receipt, either by quote for a similar item or a valuation from a valuer with experience of the item. Before accepting a donation or loan of a fixed asset, the relevant University staff member shall ensure that they have secured funding to, where relevant, accommodate the asset, insure it and maintain it in good condition.

At the time an asset is acquired, if it is considered appropriate to adopt a different useful life, rationale should be provided for this before seeking approval from the Director of Financial Accounting.

5. Heritage Assets

The University has a number of assets of unqualified historical and cultural importance. These assets include archives and special collections, as well as period houses, artworks and other paintings and artefacts.

Period houses such as the Quadrangle form part of the working infrastructure of the University Campus, and are capitalised in the Statement of Financial Position at original cost. They are depreciated over 50 years.

The University's Archives and Special Collections align with teaching and research priorities. They include, but are not limited to, collections relating to literature, theatre, film and the performing arts, as well as historical and political collections, all including significant Irish-language and regional material. Archives and Special Collections purchased for the benefit of the University's academic mission and in use for operational reasons are capitalised in the Statement of Financial Position at original cost and not depreciated. Archives and Special Collections donated to or belonging to the University have not been capitalised as these are in effect, inalienable, held in perpetuity, and are mostly irreplaceable. They are neither disposed of for financial gain nor encumbered in any manner. Archives and Special Collections which are not capitalised are valued professionally at Collection Level, or on an individual item basis, if the value exceeds a threshold of €5,000 or more. The combined value is disclosed as part of the notes to the financial statements.

Artwork which is donated is valued but not capitalised. Artworks which are not capitalised are valued professionally and the value is disclosed as part of the notes to the financial statements.

Prior to accepting any donations of heritage assets or otherwise acquiring such items, units should consider the resources available to manage such assets, in all facets e.g. insurance cover, maintenance etc. over the asset(s) lifetime as well as appropriate preservation standard storage/display capacity. Units should also consider costs which will be associated with maintaining or preserving the assets, such as insurance, additional security, maintenance (such as temperature, humidity, lighting, professional valuation, potential professional conservation and associated art handling fees).



6. Safeguarding

The University is required by the Comptroller and Auditor General to maintain an Asset Register of all capitalised items of equipment and to physically account for the existence of these assets. According to University policy, only equipment with an individual item cost of €10,000 and above will be captured on the register.

Assets owned by the University should be appropriately tagged with an identification number.

As part of the review and tagging of additions to Fixed Assets, physical verification checks will be conducted, and formal confirmation is required from the budget holder that the asset is in use. This is obtained via the issue of the 'Fixed Asset Information request' form.

Title deeds and contracts (including maps) relating to all land and buildings will be maintained by the Director of Buildings and Estates. All locations at which University fixed assets (including title deeds etc.) are kept, will be recorded in the Register.

Each year a sample verification exercise will take place. The verification process will include Heritage assets. Based on the information contained in the Fixed Asset Register, the Bursar's Office will advise a selection of Budget Holders of assets recorded as being in their custody. The Budget Holder will review and update the information thus provided, making appropriate adjustments for any errors or omissions. The Bursar's Office will then update the Fixed Asset Register and circulate revised reports to the custodian.

7. Intangible Assets

An intangible asset is an identifiable non-monetary asset without physical substance.

University of Galway may expend resources, or incur liabilities on the acquisition, development, maintenance, or enhancement of intangible resources such as the design and implementation of new processes or systems, licenses, computer software, and intellectual property.

The most common examples of items encompassed by these broad headings are computer software, acquired licenses, copyrights and patents.

In determining how an asset that incorporates both intangible and tangible elements should be treated, University of Galway uses judgement to assess which element is more significant.

7.1 Asset Threshold

Where an intangible asset is acquired externally or generated internally and:

- meets the definition and recognition criteria of an intangible asset,
- has an expected useful life of more than one year, and
- has a cost of at least €10,000,

it will be capitalised and reported in the accounts as intangible assets.

In the case of internally generated intangible assets, the additional recognition criteria as outlined in Recognition Requirements section 7.3 must be complied with.

Intangible assets below the threshold limit €10,000 (low value assets) shall be expensed at the time of purchase.

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7.2 Definition

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Intangible assets differ from traditional “physical” assets as they cannot be held in the hand or tagged with an inventory system. Intangible assets can either be acquired from third parties or generated internally.

Externally acquired: software licenses, externally acquired/developed websites; externally acquired/developed software; and intangible assets under development with external parties.

Internally generated: internally generated software; internally generated websites; internally generated intangible assets under development.

7.3 Recognition Requirements

Intangible assets are items that can generate future economic benefits or contribute to the future service potential of the University. As such, they can be recognised as an asset and amortised provided that they meet certain recognition criteria. Given the inherent nature of intangible assets, such recognition criteria are typically much stricter than for physical assets.

- An intangible item should be recognised as an intangible asset if, and only if, all of the following criteria are met:
- it is identifiable, i.e. either it is separate (i.e. it can be sold, transferred, rented, licensed or exchanged, whether or not the University intends to do so) or it arises from legal or contractual rights;
- the University has control over it, i.e. it has the power to obtain future economic benefits or service potential flowing from the underlying asset and to restrict access of other to such benefits or service potential;
- it is probable that the expected future economic benefits that are attributable to the asset will flow to the University; and
- the cost or value of the asset can be measured reliably.

The University adopts FRS102, which provides detailed guidance in respect of the recognition criteria to specific cases of intangible asset acquisition.

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7.4 Intangible asset under development

An intangible asset under development typically refers to an asset that is under development within the University over an extended period of time which is not yet being used for its final intended purpose. Development of software, either externally or internally, may fall within this category unit it meets the recognition requirements set out above. During the development period, no amortisation will be charged for those items. When the software is developed and ready for use then it will be reclassified and transferred to its appropriate category of intangible assets and commence amortisation.

Any software development asset which is significantly completed and is ready for use and meets the recognition requirements above shall be reclassified and transferred from development asset to the appropriate intangible asset category.



7.5 Amortisation

Amortisation begins when the asset is available for use and will be applied on a straight-line basis to intangible assets with a finite useful life:

Asset Category	Useful Economic Life
Major IT Operational software systems	20% over 5 years
Licenses and software	10% over 10 years
Intangible assets – other	Amortised over the useful life of the asset

8. Impairment review

The University must conduct an impairment review of equipment, plant and machinery when there is an indication of impairment. An impairment occurs when the value of the asset is below the net book value of the relevant asset.

Examples of this include:

- Equipment damaged or not working
- Obsolete equipment or equipment which is no longer used.

An impairment must be recognised to the extent that the item of equipment is not already fully depreciated. This should be done regardless of whether a replacement asset is being purchased – any replacement piece of equipment must be recognised as a new asset. The Bursar's Office should be contacted in order to recognise the impairment in the Fixed Asset Register and ensure it is also properly included in Agresso. It may also be appropriate to dispose of impaired equipment.

Intangible assets are also tested for impairment when there is an indication that the asset might be impaired. Intangible assets under development are reviewed for impairment in the same way as other intangible assets but on an annual basis.

9. Disposals/Transfer of an Asset

Refer to policy QA318



Responsibilities

Name	Responsibility
Governing Authority	<ul style="list-style-type: none">• Overall responsibility for the acquisition, disposal, custody, safekeeping, utilisation, maintenance and valuation of Fixed Assets.
UMT Members	Compliance with University Fixed Asset related policies and procedures
Bursar	<ul style="list-style-type: none">• Ensure appropriate fixed asset policies are in place to acquire and record all University Capital expenditure including documented roles and responsibilities.• Responsible for the maintenance of a register of fixed assets.• Co-ordinating the annual review, verification, and replacement planning process, through the annual planning and budgeting setting cycle.• Authorise and sign off finance or operating lease agreements entered into on behalf of the university.
Financial Accounts	<ul style="list-style-type: none">• Maintain a central Fixed Asset Register of all university fixed assets with an individual value of (inclusive of VAT) at or above €10,000 at time of acquisition.• Issue the 'Fixed Asset Information request' forms for completion by units.• Generate the physical tags which should correlate to the asset number per the FAR and issue to units for application.• Request and record photo of tags applied to assets for evidence of application.• Review expenditure to ensure correctly classified as capital and revenue• Conduct physical verification checks• Conduct annual review of Construction in Progress (CIP) with Buildings office/Project Managers.• Generation and retention of forms for evidence of transfer from CIP.• Ensure all Fixed Asset related accounts are reviewed and reconciled on a timely basis with evidence of review.• Preparation of Fixed Asset note for the Financial Statements• Complete analytical review of depreciation to prior year with explanations for material variances and evidence of review and sign off.• Ensure adequate documentation is retained for audit purposes.



Units [Colleges, Professional Support units, Research Accounts Office Research Centers, TTO]/Budget Holder – ‘Custodians’	<ul style="list-style-type: none">• Compliance with the University’s Procurement Policy & Procedures• Ensure value for money in acquiring and maintaining fixed assets• Ensure proper stewardship, control, and utilisation of fixed assets• Complete and return relevant details on the ‘Fixed Asset information request’ form to Finance including the correct identification, tracking (tagging) of assets and supply of photo (evidence) of application of tags• Facilitate physical inspection by a representative of the Bursar’s office• The Custodian is responsible for advising the Finance Office of all details of assets donated to the university.• Include replacement/maintenance costs in annual budgetary cycle
Director of Buildings and Estates	<ul style="list-style-type: none">• Responsible for the maintenance, monitoring of use, and condition of all University land and buildings (whether owned, leased, or controlled by it) and reporting on the same to UMT on a regular basis.• Provide authorisation for transfers from CIP that the asset is in use including the date brought into use.
Financial Planning Unit	<ul style="list-style-type: none">• Ensure units have included replacement/maintenance costs in annual budgetary cycle• Set-up of capital budget cost centers

Related Policies

- QA100 Procurement Policy
- QA819 Archival Collections Acquisitions
- QA318 Disposal of and granting access to Fixed Assets
- QA 171 Acquisition of Property/Land