Fixed assets accounting policies

1 Treatment in the financial statements and depreciation policy

1.1 Tangible Fixed Assets

Land and buildings are stated at cost or, in the case of buildings for which the cost cannot readily be ascertained, at valuation. Buildings are split into three component parts: structure, fit-out and plant and machinery, the economic life of which is determined by architects' certificate, these will be depreciated over their economic life on a straight-line basis. The sum of the component parts economic life will not exceed fifty years. Improvements to leasehold premises are amortised over the period of the lease.

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

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, whether through the economic benefits of use or through disposal.

Buildings under construction are accounted for at cost, based on the value of architects' certificates and other direct costs incurred to 31 July. They are not depreciated until the accounting period in which they are brought into use.

Freehold land is not depreciated.

Capitalised assets are depreciated over their expected useful economic life, as follows:

• Printing and catering equipment	10 years
• Telephone and security equipment	5 years
• File servers, networks infrastructure and other central IT equipment	5 years
• Office equipment, academic equipment	5 years
• Purchased motor vehicles	4 years
• PC's & laptops purchased to kit out a classroom only	4 years
• Groups of public domain and other personal computers	3 years
• Laboratory equipment funded by a shorter research grant	10 years, unless
• Equipment acquired for research projects	Project life

Where equipment is acquired with the aid of specific grants it is capitalised and depreciated in accordance with the above policy. The related grant, if received from government or a research council, is treated as a deferred capital grant and released to income and expenditure account over the expected useful economic life of the equipment (the period of the grant in respect of sponsored research projects). All other non-government related grants will be recognised as income in the year of receipt.

1.2 Heritage Assets

Works of art and other valuable artefacts (heritage assets) valued at over £50,000 are capitalised and recognised in the Balance Sheet at the cost or the value of the acquisition, where such a cost is reasonably obtainable and depreciated.

1.3 Repairs and Maintenance

Expenditure to ensure that a tangible fixed asset maintains its previously recognised standard of performance is expensed in the period it is incurred. This includes long term maintenance and work arising from stock condition surveys, even if there is an element of betterment in the expenditure.

2 Capitalisation

Site clearance costs can only be capitalised as part of enabling works for the construction of a new asset and in such a case is included in the costs of the building and will be written off over the life of the new asset. Site clearance alone (ie no subsequent construction) will be expensed.

All lab and office equipment with a single item value above £10,000 is capitalised at cost. Lab and office equipment costing less than £10,000 per individual item or group of related items is expensed in the year of purchase.

IT equipment, including PCs, laptops, servers, where individual items are above £10,000 will be capitalised. Groups of items that individually are below £10,000, even if in aggregate they exceed £10,000, will be expensed in the year of purchase with the exception of Capital Projects equipping classrooms with PC/fixed laptops, telephone networks (not mobile phones) and laboratory equipment. There may be scope to fund these via government capital receipts. Network infrastructure with a combined total of over £10,000 will be capitalised if the project is distinct and can be separately identified.

Software may be capitalised if more than £100k, as long as is used in a live environment and has an expected useful life of a minimum of 5 years, and in the case of licenced software, has a licence period also of at least 5 years. The software will be written off over its expected useful life or licence period, whichever is deemed the shorter. The capitalisable cost relates to purchased or developed software, cloud based and licenced software.

Furniture and fittings installed as part of a major building construction, rebuild or renewal and exceeding £50,000 in total may be capitalised as part of the building project and written off over 3 years. This includes furnishings and fittings that are specialist or would not easily be substituted for use in another department. Otherwise all furniture and fittings will be expensed.

The cost of asbestos removal is a legal requirement and will be expensed when incurred. The only exclusions are for major building works that require complete demolition of a building containing asbestos. In this case the removal will be included in the costs of preparing the site for the new building and included in the cost of the new building when complete.

When the University receives donated assets or has the construction costs of an asset paid by a third party, the value of the donated asset (or construction costs met externally) should be ascertained by the relevant department and details supplied to Finance. This is so that any asset which would have been subject to capitalisation using the above rules were Brunel to have paid for it, is captured and recorded appropriately.

3 Office moves and relocations

Relocation costs, such as costs of moving staff, re-decoration, internal layout changes partitions and small scale rewiring that are not part of a major building project will be continue to be expensed as per UK accounting standards.

4 External and internal staff resource costs

External resource costs, such as contractors, project managers, may be capitalised only if the costs are directly related to the construction or acquisition of the asset. These will usually be in the Estates or IT functions.

Staff or non-pay costs which are administrative, overhead or management in nature cannot be capitalised. These will usually be in support or non-operational functions and will be deemed to be not directly related to the construction of the project.

5 Capital receipts

General capital allocations, other than specific grants, are received in the normal course of business from the Office for Students and Research Councils, including R CiF and T CiF (research/teaching capital infrastructure fund).

Such receipts will be used to offset the cost of capital purchases, under the terms of the relevant Office for Students allocations. This may include items accounted for as capital and also capital equivalent items that are accounted for as revenue under the University's capitalisation policy.

This allocation is determined by the Finance department and will be included in the annual budget setting and forward financial planning processes.

6 Ownership and approvals

This policy is owned by and is the responsibility of the Director of Finance.

It is a core accounting policy and as such is subject to approval and amendment by Finance Committee.

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