Policy Title	Used accounting standards
Responsible AIU Office (Higher Management/Directorate)	Accountant office / Top Management / Internal auditor
Policy Owner (Executive Department/Office)	Accounting office/ University Administration
Pertinent Dates	

I. INTRODUCTION

To establish decisions, directions and precedents which act as a reference for financial reporting and are the basis from which the University’s accounting procedures are determined. This policy will focus on the Accounting (Financial) Policy & University's Assets Management. Regarding University assets, the policy aims to maintain accurate records of capitalized assets. Items purchased by the university that have a significant cost and depreciated over their estimated useful lives in accordance with the university guidelines.

II. SCOPE OF POLICY

This Policy is applied in the preparation and the presentation of the consolidated financial statements of the group of entities under the control of the University. The financial statements include separate financial statements for the University as an individual entity and the consolidated entity (the “Group”) consisting of the University and its controlled entities (faculties- department -units). Also, this procedure applies to all staff, students, and members of the University community involved in the financial statement preparation, university's assets acquisition, management and disposal.

III. DEFINITIONS

- The Group means the University and its controlled entities.
- Accrual basis is a method of recording accounting transactions for revenue when earned and expenses when incurred. The accrual basis requires the use of allowances for sales

returns, bad debts, and inventory obsolescence, which are in advance of such items actually occurring.

- Going Concern: As an accounting principle, the going concern principle serves as a guideline which allows readers of a business's financial statements to assume that the business will continue to operate long enough to carry out its current obligations, objectives and commitments.
- fair presentation requires the faithful representation' of effects of transactions in accordance with definitions and recognition criteria set out in the Framework.
- A historical cost is a measure of value used in accounting in which the value of an asset on the balance sheet is recorded at its original cost when acquired by the university. The historical cost method is used for fixed assets in the United States under generally accepted accounting principles (GAAP).
- Assets are defined as any item owned or controlled by the University, of economic value, and with an expected useful life of greater than 12 months.
- An asset can be physical (e.g. land, buildings, plant, equipment, motor vehicles, works of art, leasehold improvements), or intangible (e.g. computer software, trademarks, patents).
- An asset may be acquired directly by purchase, request or donation, or result from construction. During the construction phase, the asset is known as a work-in-progress asset.
- **Capitalization:** A value established by the University’s administration whereby equipment or furnishings exceeding that value and having a useful life of at least two years are treated as depreciable assets (fixed assets).
- Asset disposal is the removal of a long-term asset from the company's accounting records. It is an important concept because capital assets are essential to successful business operations. Moreover, proper accounting of the disposal of an asset is critical to maintaining updated and clean accounting records.

IV. POLICY STATEMENT

The general-purpose financial statements of the University are prepared in accordance with the provision of the Egyptian Accounting Standards (EAS). Egyptian Accounting Standards (EAS) are **developed by the Standards Committee of the Egyptian Society of Accountants and Auditors**. A committee headed by the Minister of Investment reviews, approves, and issues the standards.

V. RESPONSIBILITIES

Financial Office
• Maintain the asset register: non-capital and capital assets
• Ensure accounting standard compliance
• Asset acquisitions and registration
• Asset depreciation
• yearly land and buildings, library and art collection revaluations

Internal Auditor:
• Monitor and review the net book value of assets are appropriate and have not materially changed Financial Management of Assets Procedure
• Asset adjustments or changes i.e., the asset's cost center, useful life, residual life, asset description or asset's physical location

High management:
• Loan or hire of assets
• Disposal of assets

VI. POLICY STANDARDS AND PROCEDURES

Fist Accounting (Financial) Policy

Fair Presentation

- The financial statements of the University shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria of assets, liabilities, income and expenses as set out in the EAS Framework.

Compliance with Egyptian Financial Reporting Standards

- The University is a not-for-profit entity and the financial statements and notes of the University have been prepared on that basis. Some of the requirements for not-for-profit entities are inconsistent with the Egyptian Accounting Standards (EAS) requirements.

Historical Cost Convention

- The financial statements are prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss and certain classes of property, plant and equipment.

Critical Accounting Estimates

- The preparation of the financial statements in conformity with the Egyptian Accounting Standards (EAS) requires the use of certain critical accounting estimates.

Going Concern

- The financial statements are prepared on the assumption that the University is operating as a going concern (and will continue to do so in the foreseeable future, which is at least 12 months from the balance sheet date).

Accrual Basis of Accounting

- The financial statements of the University are prepared using the accrual basis of accounting.

Materiality and Aggregation

- Each material class of similar items shall be presented separately in the financial statements of the University. Items of a dissimilar nature or function shall be presented separately unless they are immaterial.

Consistency of Presentation

- The presentation and classification of items in the financial statements shall be consistent from one period to the next unless:

it is apparent, following a significant change in the nature of the University's operations or a review of its financial statements, that another presentation or classification would be more appropriate having regard to the criteria for the selection and application of accounting policies; or an Egyptian Accounting Standard requires a change in presentation.

Principles of Consolidation

- The University shall present consolidated financial statements in which it should include all controlled entities of the University.
- Controlled entities are fully consolidated from the date on which control is transferred to the University. They are deconsolidated from the date that control ceases.
-The acquisition method of accounting is used to account for the acquisition of controlled entities by the University.
- All inter-entity transactions, balances and unrealized gains on transactions shall be eliminated in full on consolidation. Unrealized losses shall also be eliminated unless the transaction provides evidence of the impairment of the asset transferred.
- The financial statements of the University and its controlled entities used in the preparation of the consolidated financial statements are prepared as of the same reporting date and using uniform accounting policies for like transactions and other events in similar circumstances.

Second Assets:

Guidelines

 (Low value Equipment/Furniture) Furnishings and equipment purchased for a unit cost of **LE5,000** or more should be capitalized.

 Computer software and other software assets is capitalized at the cost unit of **LE 250,000** or more.

 All library books should be capitalized regardless of their invoice.

 Land is not depreciated according to accounting standers.
 Rare Library Acquisitions are not depreciated.
 Expenditures for land, constructions for buildings, and improvements other than buildings of **LE50,000** or more should be capitalized **(Direct Relation acquired)**

Land is capitalized at acquisition cost including assessments, legal and recording fees; realtor and appraisal fees, draining, filling, other site preparation costs; judgments levied from damage suits; demolition (razing) costs of structures on land acquired as building sites. Land acquired by gift will be capitalized at Fair Market or Appraised Value at the time of acquisition. The acquisition cost of property, which includes structures not to be razed (torn down), will be allocated between land and buildings based upon appraised values.

Building: **If it Acquisition by Purchase or acquired:** Buildings acquired by purchase will be capitalized at acquisition cost with the purchase price and associated closing costs allocated between land and buildings on the basis of current appraised values. Additional costs incurred for the purpose of renovating or modifying the building structure in order to place it in service will also be capitalized. For renovations, betterments, or improvements that add to the permanent value of the asset, the improvements must fulfill at least one of the following criteria:
 The productive capacity of the asset is improved.
 The useful life of the asset is increased.
 The quality of units or services produced from the asset is enhanced. **(By Top Management of University Or a special committee for this objective)**

If it Acquisition by Construction: Initial capitalization includes construction costs of the building structure, including all internal piping, wiring, and permanent fixtures (such as central air-conditioning) associated with the distribution of utilities within the building. Costs should also include architectural and engineering fees, inspection fees and permits, bid advertisement expenses, construction financing / interest expense, utilities, and insurance costs incurred during the construction period.

Asset Betterments: **(By Top Management of University Or a special committee for this objective)**
In case of betterments made to any assets, the betterment must be capitalized and depreciated over the remaining useful life of the original asset. The asset number created for the betterment will be a sub-number under the asset number of the original asset.

All depreciation and amortization calculations for financial statement purposes should use the "**straight line**" method. In the event of a disposal of an asset, depreciation on that asset will be recorded for the fiscal year of the asset's disposal up to date of disposal. The calculation of any gain or loss on disposal will include the effect of the depreciation for the year of disposal.

Assets Estimated Useful Life Buildings purchase or construction	Range of 10, 15, 20, 30, or 50 years
Building Improvements	15-20 years
Improvements Other Than Buildings (such as Roads and Landscaping et. and Land Improvements).	15 years
Construction in Progress	Depreciation does not begin until asset is placed in service.
Equipment, Fixture, & Furniture	
□ Furnishings (Furniture and Fixture)	□ 5 years
□ Low Value Furniture& Fixture	□ Fully Depreciated at same Fiscal Year
□ Major Equipment (Computing, Scientific, Appliances, Workshops, Photocopying and Printing, Cooling and Heating, Media, Agriculture, Other,).	□ 5 years
□ Machines (Printing and Publishing, Workshop, Other Machinery)	□ 5 Years
□ Low Value Equipment	□ Fully Depreciated at same Fiscal Year
□ Vehicles	□ 5 years
Library books	10 years
Software Systems	
□ Standard Computer Software, Hardware & Related Accessories.	□ 5 years
□ Systems in Progress.	□ Depreciation does not begin until placed into service (Go Live date)

Fixed Asset Inventory

To ensure that all capitalized assets have been properly recorded and tracked, the financial office will conduct an inventory of all fixed assets and reconcile the results of the inventory with University Accounting and Property Management records on a periodical basis.

Accounting for Asset Inventory

The timely and accurately reporting of asset disposals, transfers (between different departments or from and to the university warehouse), and moves will help ensure the accuracy of university's accounting records and reduce departmental time in reconciling and reviewing exceptions generated from the physical inventory. Additionally, timely depositing of sale or salvage proceeds is required.

- Any moves of movable assets within a building, between buildings or to/from temporary or permanent storage are to be reported to the responsible unit. In addition, if one department transfers an asset from one room to another, the transfer must also be reported.

- In situations where grant funds, whether private or Higher education minister are used to purchase equipment, policies of tagging and recording the equipment are the same as for assets purchased using university funds.

- Surplus Assets and Off-Campus Equipment, please apply the inventory control procedures

VII. **FORMS/INSTRUCTIONS (if applicable)**

VIII. **APPENDICES (if applicable)**

VIII. **RELATED POLICIES**

VIV. **CONTACT INFORMATION**

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