

TEL AVIV UNIVERSITY	<u>Page no.</u>	1	<u>Date of publication</u>	<u>Directive number</u>
UNIVERSITY DIRECTIVES	of	4		
Name of Directive:	DEPRECIATION POLICY DIRECVIVE			

1. Objective:

The purpose of this directive is to lay down the accounting policy with regard to depreciation of fixed assets.

2. Definitions:

In this directive:

- "Fixed assets"** A tangible asset which meets all the following criteria:
1. It is held by the University for production or supply of goods or services, for purposes of rental to other, for teaching and research or for administrative purposes.
 2. It is expected to be used during more than one reporting period.
 3. It is not intended for sale in the normal course of business.
 4. It constitutes a material item – the cost of which exceeds the threshold condition specified in the depreciation table appearing in Appendix A (hereinafter: "the Depreciation Table").
- "Cost"** The amount of cash or cash equivalent which was paid, or the fair value of other consideration that was given, in order to acquire an asset at the time of the purchase thereof or at the time of its establishment. The cost of a fixed asset item also includes costs that can be directly attributed to putting the asset into a condition in which it can operate for purposes of its intended use.
- "Depreciation"** The systematic allocation of the depreciable amount of an asset over its useful life.
- "Fixed assets group"** Grouping of fixed asset items having a similar nature a similar use in the operations of the University.
- "Useful life"** The period of time during which the asset is expected to serve the University or the expected benefit for the University from the asset.
- "Depreciation Committee"** A committee headed by the Vice Director General of Finance of the University. The members of the committee include the University's Head accountant, the director of the accounting and taxation division, the director of the research authority and a professional function, as the case may be

3. Records keeping

- 3.1 The supply unit will be responsible for the initial recording of fixed asset items (except the following items of the fixed assets group: land, buildings and improvements to rented premises), by feeding in the data into the computerized inventory system, in accordance with "equipment inventory" directive number 07-203 of the University.
- 3.2 The Accounting unit will be responsible for recording fixed asset items of the fixed assets group: land, buildings and improvements to rented premises.

4. Measurement:

The measurement basis of fixed assets in the University's books will be the cost of acquisition, including the related costs that can be specifically attributed to the asset, which was, acquired (costs of transportation, installation and so forth).

5. Method of depreciation:

- 5.1 Fixed assets will be depreciated according to the straight-line method. In each year a proportionate and equal part of the asset will be depreciated, according to the spread percentage specified in the depreciation table (see Appendix A). The proportionate part of the depreciable amount, which is allocated, each year will be written off as a depreciation expense in that year, against accumulated depreciation in the balance sheet.
- 5.2 In cases in which the depreciation committee will come to a conclusion that the straight line method or the mentioned spread period does not reflect the consumption pattern of the economic benefits or the service potential inherent in the asset, the committee will be entitled to approve the use of different depreciation method or a spread of the depreciation over a different period than stated in the depreciation table.

6. Subtraction of fixed asset:

- 6.1 Fixed asset will be subtracted from the financial statement at the time of realization of the asset or when the asset has permanently gone out of use, and the economic benefits or the service potential of it are no longer expected to flow to the University.
- 6.2 The director of the supply unit will, at the end of each year, submit to the University's Head accountant a consolidated report of the subtracted fixed assets in the course of the year.

7. Depreciation committee:

- 7.1 The committee will examine and revise this directive to whatever extent is necessary at least once a year.

7.2 The committee may, when requested or on its own initiative, decide on a different depreciation method in respect of specific equipment or any other type of fixed assets.

8. Responsibility for implementation:

Responsibility for the implementation of this directive: the University's Head accountant, director of the supply unit.

9. Applicability:

This directive will be in force as from October 1, 2016.

**Appendix A – Table of Groups of Assets, Classification of Asset
and Percentage Depreciation**

Group	Description	Sub-group	Description	Materiality threshold (in NIS)	% depreciation	Years
500	Land	--	--	--	--	--
600	Buildings	610	Buildings which serve for teaching and research activities, administration and students services.	--	4-5	20-25
		620	Buildings which do not serve for teaching and research activities, administration and students services	--	--	--
700	Equipment and machinery	--	Equipment and machinery	50,000	33	3
800	Motor vehicles	810	Private cars	50,000	15	6-7
		820	Commercial vehicles	50,000	15	6-7
900	Electronic equipment	--	--	50,000	33	3
1000	Computers and peripheral equipment	1010	Computers and PC equipment	50,000	33	3
		1020	Equipment for inter-computer communication	50,000	33	3
			Other hardware	50,000	33	3
		1030				
1100	Improvements to rented premises	--	--	--	4-5	20-25

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