



Property, Plant & Equipment (Assets) Acquisition Policy

[AST001]

Department	: Finance
Policy owner	: Chief Financial Officer
Responsible for update	: Director: Financial Accounting
Review cycle	: 3 years, or as required
Prior update	: May 2024
Current update	: September 2025
Approved by	: UCT Executive

Property, Plant and Equipment (Asset) Acquisition

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Acronyms

AUC	Assets Under Construction
DAD	Development & Alumni Department
HOD	Head of Department
GL	General Ledger
GR	Goods Receipt
ICTS	Information & Communication Technology Services
PASS	Professional, Administrative & Support Services
PCARD	UCT Purchasing Card
PGWC	Provincial Government of the Western Cape
PO	Purchase Order
PPS	Procurement & Payment Services
VAT	Value Added Tax

1. Objective

The purpose of the policy is to:

- identify the assets to be included in the UCT asset register; and
- clarify the related processes and responsibilities.

2. Scope

Includes

All UCT assets that are

- paid for by UCT funds;
- donated to UCT; and
- not owned, but on the UCT asset register for insurance purposes.

Excludes

- Assets Under Construction

3. Applicable to

All UCT staff, student organisations, committee members and Joint Medical Staff on PGWC conditions of service, authorised to purchase or accept assets on behalf of UCT.

 *This includes UCT staff acting as custodians for non-UCT owned assets being used for UCT purposes, including research.*

4. Policy

Where an asset acquisition (purchase or donation) meets the criteria outlined in the table below, it must be recorded in the UCT asset register.

 *No assets may be purchased via PCards or via Reimbursements claims. All exceptions must be motivated via an Exception to the Finance Policy [FM041] prior to the purchase.*

At UCT, assets are defined as follows:

Asset Category	Item and Value Excluding VAT
Land and Buildings	All land and buildings
Computers	All computer equipment (e.g. mainframes, servers, laptops, desktop computers and peripherals) with a value > R25 000. Operating systems/software that enable the hardware to function are included in the cost of the asset.
Furniture & equipment	All individual items with a value > R25 000
Motor vehicles	All motor vehicles  <i>According to the VAT Act, input VAT cannot be claimed on motor vehicles which are not delivery vehicles. Therefore, the input VAT will be included in the cost posted to the fund.</i>
Non-UCT owned assets	Items with a value > R25 000 for which insurance is required.

UCT applies a threshold when capitalising assets; items below the capitalisation threshold (currently R25 000 excluding VAT) are not capitalised as part of UCT's fixed asset register.

The University is bound by law to keep a record of its fixed assets (movable and immovable). This record, the asset register, is used as a basis for certain categories of insurance.

The UCT asset register is maintained centrally and only includes assets as defined in this document.

Faculties and PASS departments are required to maintain a record of purchases of assets below the asset capitalisation threshold.

5. Procedure

Departments to send duly completed and authorised [forms](#) to fnd-assets@uct.ac.za.

Asset Type	Department	Assets Office
Assets bought from UCT funds	A duly completed and authorised asset acquisition form [AS001] , accompanied by the quotation.	Obtain approvals from PPS and ICTS as required. Create and forward the PO to the vendor. Communicate the PO details to the department via email, for further GR processing. Place the asset on the asset register at the purchase price.
Donated assets	A duly completed and authorised asset acquisition form [AS002] . Ensure the AS002 is approved by DAD, who issue a Section 18A certificate as UCT's official acknowledgment of receipt of the donated asset.	Place the donated asset on the asset register at the estimated market value.
Non-UCT owned assets (i.e. assets not acquired using UCT funds) for which insurance is required	A duly completed and authorised asset acquisition form [AS001] (section 1.2 not to be completed, except for the asset value)	Place the asset on the asset register at market value.

6. Related policies, guidelines and forms

- Funds deposited at or held by UCT [GEN001]
- Delegated Authority Limits [GEN002]
Refer sections on:
 - Schedule A: Purchases: Movable asset acquisitions;
 - Schedule A: Moveable asset disposals; and
 - Schedule J: Properties and Service: Immovable assets.
- High risk portable devices [FG005]
- Replacement cycle of end user ICT equipment [ICT001]
- Disposal of IT equipment [ICT002]
- For other asset-related processing, please refer to the forms below:
 - Asset relocation/transfer to another department [AS003]
 - Asset retirement [AS004]
 - Creation of an Asset Under Construction [AS005]

7. Additional information

International Financial Reporting Standards (IAS 16) define property, plant and equipment as tangible items that:

- Are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and
- Are expected to be used during more than one period.

UCT performs asset counts on a 3-year rolling cycle, and asset barcoding is undertaken as part of the asset count process.

Assets are depreciated monthly, based on their estimated useful lives. For information, refer to [Attachment A](#) for the UCT asset classes and useful lives (measured in years).

8. Implementation responsibility

The HOD is responsible for ensuring all policies and procedures are communicated to and implemented by the responsible individual(s), including research staff. The Faculty/PASS finance manager is responsible for ensuring reasonable controls exist to support the implementation of policies.

9. Contact

Finance helpdesk

Fnd-finance@uct.ac.za

021 650 2111

Attachment A: Useful life, asset class, class description, general ledger code

Useful Life	Asset	Class Description	First 3 Digits	GL
0	100	Land	101	6000
30	101	Land Improvements	101	6000
100	110	Buildings	101	6000
15	120	Fixtures & Fittings	102	6000
20	210	Furniture: Classroom	103	6020
20	220	Furniture: Office	104	6020
10	225	Equipment: Office	104	6020
10	230	Furniture: Residence	105	6020
5	235	Equipment: Residence	105	6020
20	240	Equipment: Catering	106	6020
10	250	Equipment: Audio/Video/Photography	107	6020
50	260	Instruments: Musical	113	6020
5	265	Equipment: Theatre	122	6020
20	275	Equipment: Lab	110	6020
10	280	Equipment: Telecommunications	111	6020
10	285	Equipment: Tools	108	6020
15	290	Equipment: Sport	112	6020
10	300	Computers: Servers	114	6030
5	301	Computers: Laptops	114	6030
5	302	Computers: Desktops	114	6035
5	303	Computers: Other equipment (5 yrs)	114	6030
10	304	Computers: Other equipment (10 yrs)	114	6030
15	400	Motors Vehicles: Local	115	6040
15	405	Motor Vehicles: Field	115	6040
0	700	Non-Owned Assets	121	
0	801	Assets Under Construction (AUC)	120	6080