

 جامعة الشارقة UNIVERSITY OF SHARJAH	Policy Main Title	Fiscal Resources and Procurement	Effective Date	1/10/2021
	Policy Subject	Accounting and Auditing	Last Review date	25/12/2025
	Policy Number	FRP-06	Next Review date	10/03/2028
	Responsible Entity	Finance Department	Approved By	VCFAA

Overview

At UoS, the financial system is governed by a complex framework designed to ensure accountability, transparency, financial resources sustainability and professional use of the university budget. The UoS seeks to implement high quality accounting system and auditing by applying high level of financial standards. This policy highlight the financial governance, accounting standard and auditing protocols for the UoS. This policy outlines the way of records for university account system and the auditing mechanism follow at the UoS.

Scope

This policy applies to all staff in the finance department. Board of Trustees and the top management at UoS should be aware about this policy.

Purpose

The main purpose of this policy is to:

- Ensure the proper application of the accounting system at the University of Sharjah.
- Enhance financial control and system by applying auditing to all financial process and accounting.
- Ensure the proper implementation of the accounting system in the University of Sharjah.
- Outline the framework of the accounting and auditing system.

Abbreviations and Definitions

UoS: University of Sharjah.

VCFAA: Vice Chancellor for Financial and Administrative Affairs.

BoT: Board of Trustees at the University of Sharjah.

Policy

- The Board of Trustees shall determine the financial regulations and accounting systems of the University and all of its financial activities in accordance with internationally recognized accounting principles and standards.
- The University accountant and auditor should be responsible for receiving, keeping, and disbursing its funds and maintaining and utilizing any accounting records.
- Invoices and receipts shall be prepared, supervised, and approved by the concerned staff member at the University. These shall be accompanied by original documents that prove their authenticity and the legitimacy of the financial and accounting procedures mentioned in these documents. Substitute copies for lost documents will not be accepted unless approved by the Chancellor or the Vice Chancellor after investigating the loss of the original documents and making sure that the invoices/receipts have not been already paid; the beneficiary shall not undertake to claim these amounts in the future.

 جامعة الشارقة UNIVERSITY OF SHARJAH	Policy Main Title	Fiscal Resources and Procurement	Effective Date	1/10/2021
	Policy Subject	Accounting and Auditing	Last Review date	25/12/2025
	Policy Number	FRP-06	Next Review date	10/03/2028
	Responsible Entity	Finance Department	Approved By	VCFAA

- The Finance Department must keep all records necessary for recording the financial actions through documents and papers.
- The Finance Department must prepare all statements and lists required to ensure the proper implementation of the accounting system in the University of Sharjah.
- Payment Vouchers, Receipt Vouchers, and Journal Vouchers are the basis of entry for any accountancy action. This intends to distinguish between the budget expenditure vouchers and non-budgetary entry vouchers. Vouchers will have serial numbers and will be issued in one original and many copies according to the usage requirements.
- All financial records, forms, and documents should be kept with the competent financial employees who will be responsible for receiving them as a trust and will be responsible for keeping it and keeping the secrecy of its contents.
- When the employee in charge leaves his job or moves to another job, or stops working for any reason whatsoever, he has to deliver all financial records, forms, and documents in his custody to another employee by a receipt book/record signed by both parties and approved by the Director of Finance Department and the VCFAA.
- Financial records, forms, and documents used in the University must be kept in record for not less than ten years after they are no more used.
- A copy of the financial records, forms, and documents are kept outside the campus in accordance with instructions issued by the Chancellor upon recommendation from the VCFAA.
- All University financial actions will be subject to internal auditing.
- The Chancellor will present the Annual Financial Report and the Final Account to the Financial Committee for discussion and after that to the Board of Trustees within two months after the end of the fiscal year for approval and endorsement.
- The Board of Trustees, upon recommendation from the Financial Committee, appoint External Auditors every year to audit the University Accounts and issue the Financial Statements.
- The Financial Department provides the VCFAA with a monthly report of the financial status of the University regarding revenues, expenditures, and cash flow, in order to be submitted to the Chancellor to present it to the Financial Committee.
- The Director of Finance Department should be provided with a copy of every contract or agreement that imposes any financial obligations or commitments on the University to be observed in the implementation of the contract or agreement.

Procedures

First: Records

- University accounting transactions will be registered according to the Double Entry System and the international Accountancy Principles of the University.
- The Finance Department will keep all records necessary for recording the financial actions through documents and papers in order to state the University's financial status, particularly the following records:

1. Budget Commitment Records

 جامعة الشارقة UNIVERSITY OF SHARJAH	Policy Main Title	Fiscal Resources and Procurement	Effective Date	1/10/2021
	Policy Subject	Accounting and Auditing	Last Review date	25/12/2025
	Policy Number	FRP-06	Next Review date	10/03/2028
	Responsible Entity	Finance Department	Approved By	VCFAA

2. Revenues Records
 3. Received Funds Records.
 4. Payments Records
 5. Debit-and Credit Accounts
 6. Journal Voucher Records
- The Department may keep other subsidiary ledgers, statement, auditory, or statistic records. It may also prepare all statements and lists required to ensure the proper implementation of the accounting system in the University and the flow of financial and monetary works. This shall be done by instructions issued by the VCFAA upon proposal from the Director of the Finance Department.

Second: Vouchers

- Payment Vouchers, Receipt Vouchers, and Journal Vouchers are the basis of entry for any accountancy action. This intends to distinguish between the budget expenditure vouchers and non-budgetary entry vouchers. Vouchers will have serial numbers and will be issued in one original and many copies according to the usage requirements.
1. Payment vouchers, and receipt and issue vouchers shall be prepared, supervised, and approved by competent officers in the University, each in his specialization. They should be accompanied by all original documents that testify their authenticity and the legitimacy of the financial and accountancy actions included in these documents. Substitute copies for lost documents will not be accepted unless approved by the Chancellor or the VCFAA after investigating the reasons for the loss and defining whose responsibility it. It should be made sure also that payment is not done before, and the beneficiary shall undertake not to claim these amounts in future.
 2. Payment voucher is issued in the name of the beneficiary or his legal representative as per a letter of attorney attested by the Notary Public.
 3. The authorized person or whomever he may authorize issues expenditures payment vouchers. Receipt vouchers, issue vouchers and security payment vouchers are issued by the Director of Finance Department.
 4. When amounts are to be paid in cash, it should be observed that this is done on basis of net due amount, which is the gross amount less all amounts that should be deducted, whether these amounts are in the form of amounts due to the University.
 5. Checkbooks are obtained by a decision from both the Chancellor and the VCFAA from the bank at which the University funds are deposited.
 6. After issuing the checks or the transfer order, all papers and documents and original documents will be stamped by (PAID) stamp.

Third: Keeping Records

- All financial records, forms, and documents will be kept with the competent financial employees who will be responsible for receiving them as a trust and will be responsible for keeping it and keeping the secrecy of its contents.
- When the employee in charge leaves his job or moves to another job, or stops working for any reason

	Policy Main Title	Fiscal Resources and Procurement	Effective Date	1/10/2021
	Policy Subject	Accounting and Auditing	Last Review date	25/12/2025
	Policy Number	FRP-06	Next Review date	10/03/2028
	Responsible Entity	Finance Department	Approved By	VCFAA

whatsoever, he has to deliver all financial records, forms, and documents in his custody to another employee by a receipt book/record signed by both parties and approved by the Director of Finance Department and the VCFAA.

- Financial records, forms, and documents used in the University will be kept in record for not less than ten years after they are no more used. After that, these records, forms, and documents may be destroyed or wasted according to instructions issued by the Chancellor upon recommendation from the VCFAA. The Chancellor may also approve delivering these records, form, and documents to the competent official authorities for to document them.
- A copy of the financial records, forms, and documents are kept outside the campus in accordance with instructions issued by the Chancellor upon recommendation from the VCFAA.

Internal Auditing and Reports

- All University financial actions will be subject to internal auditing. This control will have the following duties:
 1. Controlling the movement of University assets in banks and other financial institutions on a continuous basis.
 2. Controlling the movement of University assets in the stores and taking care of inventory in them.
 3. Auditing payment vouchers before payment is done and entry vouchers before issuing them, as well as in issue vouchers before issue is done.
 4. Signing on all financial obligations in order to secure Funds in the budget.
 5. Verifying that the figures in the final accounts are correct before presenting them to the competent authorities.
 6. Ensuring the availability of the allotted amount in the budget and that it is not exceeded.
- The Chancellor will present the Annual Financial Report and the Final Account to the Financial Committee for discussion and after that to the Board of Trustees within two months after the end of the fiscal year for approval and endorsement.
- The Board of Trustees, upon recommendation from the Financial Committee, appoint External Auditors every year to audit the University Accounts and issue the Financial Statements.
- The Financial Department provides the VCFAA with a monthly report of the financial status of the University regarding revenues, expenditures, and cash flow, in order to be submitted to the Chancellor to present it to the Financial Committee.

General Provisions

- The University Administration shall obtain insurance policies covering financial employees. The Chancellor shall determine on the insurance value upon proposal from the VCFAA after it is presented by the Director of Finance Department and approved by the Financial Committee.
- The Director of Finance Department will be provided with a copy of every contract or agreement that imposes any financial obligations or commitments on the University to be observed in the implementation of the contract or agreement.
- Bad debts, deficits, and losses in University cash funds may be written off according to the following

 جامعة الشارقة UNIVERSITY OF SHARJAH	Policy Main Title	Fiscal Resources and Procurement	Effective Date	1/10/2021
	Policy Subject	Accounting and Auditing	Last Review date	25/12/2025
	Policy Number	FRP-06	Next Review date	10/03/2028
	Responsible Entity	Finance Department	Approved By	VCFAA

authorizations and based on proposals of a committee formed by the Chancellor for this purpose:

- a. by a decision of the Chancellor and the VCFAA if the amount does not exceed AED /10.000/
 - b. by a decision of the Board of Trustees upon recommendation from the Financial Committee if the amount exceeds AED /10.000/
- In case of embezzlement or deficit in University's funds, or any forgery in records or entries, the financial employee responsible for these funds, records, and entries must inform the Director of Finance Department who will inform the VCFAA, who will inform the Chancellor to take proper actions.
 - The provisions of these by-laws shall be enforced at the date of their issuance and any text or decision that is contradictory to it shall be revoked.

General Financial Statement for Accounting

- UOS shall prepare its financial statements assuming the entity is a going concern and will continue in operation for the foreseeable future.
- UOS Management shall assess its ability to continue as a going concern. Paragraph 14 of IAS 10 Events after the Reporting Period states that Management's assessment of the use of a going concern basis of preparation needs to reflect the effect of events occurring after the end of the reporting period up to the date that the financial statements are authorised for issue.
- If the Management concludes that the entity intends to cease its operation or has no realistic alternative but to do so, then the financial statements should not be prepared on a going concern basis. Paragraph 25 of IAS 1 requires the entity to disclose the fact that the financial statements have not been prepared on a going concern basis and the reasons why the entity is not regarded as a going concern, as well as disclosing the basis on which the financial statements have been prepared.

Comparative information

- Comparative information shall be disclosed in respect of the previous period for all amounts reported in the financial statements, both on the face of the financial statements and in the Notes. Comparative information is provided for narrative and descriptive information where it is relevant to understanding the financial statements of the current period.

Financial Year

- The financial year of UOS starts on the 1st of September and ends on 31st of August every year.

Materiality and aggregation

- Information is considered to be material if omitting, misstating or obscuring it could reasonably be expected to influence decisions of UOS primary stakeholders.
- Each material class of similar items must be presented separately in the financial statements. Dissimilar items may be aggregated only if they are individually immaterial. However, information

 جامعة الشارقة UNIVERSITY OF SHARJAH	Policy Main Title	Fiscal Resources and Procurement	Effective Date	1/10/2021
	Policy Subject	Accounting and Auditing	Last Review date	25/12/2025
	Policy Number	FRP-06	Next Review date	10/03/2028
	Responsible Entity	Finance Department	Approved By	VCFAA

should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply.

IFRS 16- Leases

As a lessee

- As per IFRS 16, the lessee shall be required to recognize the right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. As a lessee, UOS leases buildings for the purpose of staff and student accommodation.
- Under IFRS 16, UOS shall recognize a right-of-use asset and a lease liability at the lease commencement date. At commencement or on modification of a contract that contains a lease component, UOS allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for property-based leases, UOS shall not to separate non- lease components and account for the lease and non-lease components as a single lease component.
- Lease liabilities shall be measured at present value of the remaining lease payments, discounted at UOS's incremental borrowing rate. Generally, UOS shall use its incremental borrowing rate as the discount rate. UOS shall determine its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.
- Lease payments included in the measurement of the lease liability comprise of the following:
 - fixed payments, including in-substance fixed payments;
 - variable lease payments that depend on an index or a rate, initially measured using the index rate as at the commencement date;
 - amounts expected to be payable under a residual value guarantee; and
 - the exercise price under a purchase option that UOS is reasonably certain to exercise,
 - lease payments in an optional renewal period if UOS is reasonably certain to exercise an extension option, and
 - penalties for early termination of a lease unless UOS is reasonably certain not to terminate early.
- UOS presents right-of-use assets that in 'property and equipment and lease liabilities is presented separately in the consolidated statement of financial position.

 جامعة الشارقة UNIVERSITY OF SHARJAH	Policy Main Title	Fiscal Resources and Procurement	Effective Date	1/10/2021
	Policy Subject	Accounting and Auditing	Last Review date	25/12/2025
	Policy Number	FRP-06	Next Review date	10/03/2028
	Responsible Entity	Finance Department	Approved By	VCFAA

Short-term leases and leases of low-value assets

As a lessor

UOS shall not to recognize right-of-use assets and lease liabilities for short-term leases of office premises that have a lease term of 12 months or less and leases of low-value assets. UOS recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term

- UOS leases out its property, plant and equipment, including own property and right-of-use assets, which are classified as operating leases by UOS. It is determined at lease inception whether a lease was a finance lease or an operating lease as per the definition of a finance lease and operating lease under IFRS 16.

IAS 20 - Accounting for Government Grants and Disclosure of Government Assistance

UOS applies IAS 20 to account for all government grants and other forms of government assistance.

Accounting of Grants

- UOS recognizes a government grant only when there is a reasonable assurance that:
 - conditions attached to the grant shall be complied with; and
 - the grant will be received
- The grant is recognized initially as deferred income at a fair value and then is recognized in the Statement of Income and Expenditure on a systematic basis over the period in which the related costs for which the grants are intended to compensate. The grants that compensate for expenses incurred are recognized in the Statement of Income and Expenditure on a systematic basis in the period in which expenditure is recognized.

Disclosure of government grants

- UOS shall disclose the following:
 - accounting policy adopted for grants, including method of balance sheet presentation
 - nature and extent of grants recognized in the financial statements
 - unfulfilled conditions and contingencies attaching to recognized grants

IFRS 9 - Financial instruments

- IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy/ sell non-financial items.

Classification and measurement of financial assets and financial liabilities

- Under IFRS 9, on initial recognition, a financial asset shall be classified as measured at:
 - amortized cost;
 - fair value through other comprehensive income ("FVOCI") – debt investment;

 جامعة الشارقة UNIVERSITY OF SHARJAH	Policy Main Title	Fiscal Resources and Procurement	Effective Date	1/10/2021
	Policy Subject	Accounting and Auditing	Last Review date	25/12/2025
	Policy Number	FRP-06	Next Review date	10/03/2028
	Responsible Entity	Finance Department	Approved By	VCFAA

- FVOCI – equity investment; or
 - fair value through profit or loss (“FVTPL”).
- A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:
 - it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
 - its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the outstanding principal amount.
 - UOS’s financial assets at amortized cost consist of trade and other receivables, contract assets (i.e. income for goods or services provided to a Customer but not yet invoiced), due from related parties, cash at banks, and fixed deposits.
 - A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:
 - it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
 - its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
 - On initial recognition of an equity investment that is not held for trading, UOS may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.
 - All financial assets not classified as measured at amortized cost or FVOCI as described above shall be measured at FVTPL. This includes all derivative financial assets. On initial recognition, UOS may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise
 - A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) shall be initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.
 - Financial liabilities shall be measured at amortized cost or FVTPL. A financial liability shall be classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in income and expenditures.
 - Other financial liabilities shall be subsequently measured at amortized cost using the effective interest method.
 - Interest expense and foreign exchange gains and losses shall be recognized in the statement of income and expenditures.

Subsequent measurement of financial assets

- Financial assets at FVTPL shall be subsequently measured at fair value. Net gains or losses,

 جامعة الشارقة UNIVERSITY OF SHARJAH	Policy Main Title	Fiscal Resources and Procurement	Effective Date	1/10/2021
	Policy Subject	Accounting and Auditing	Last Review date	25/12/2025
	Policy Number	FRP-06	Next Review date	10/03/2028
	Responsible Entity	Finance Department	Approved By	VCFAA

including any interest or dividend income, shall be recognized in the statement of income and expenditures.

- Financial assets at amortized cost shall be subsequently measured at amortised cost using the effective interest method. The amortised cost shall be reduced by impairment losses, Interest income, foreign exchange gains and losses and impairment losses are recognized in the statement of income and expenditures.
- Debt investments at FVOCI shall be subsequently measured at fair value. Interest income is calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in consolidated statement of income and expenditures.
- Equity investments at FVOCI shall be subsequently measured at fair value. Dividends are recognised as income in consolidated statement of income and expenditures unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized as Other Income

Impairment of financial assets

- Impairment of financial assets, under IFRS 9, shall either be calculated under a general approach or simplified approach.
- Under the simplified approach, UOS shall use an allowance matrix to measure the expected credit loss (ECL) of trade receivables from individual customers. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write- off. Impairment allowances shall be measured at an amount equal to lifetime ECL.
- Under the general approach, ECL shall be calculated as probability-weighted estimate of credit losses. Credit losses shall be measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to UOS in accordance with the contract and the cash flows that UOS expects to receive). ECLs shall be discounted at the effective interest rate of the financial asset.
- UOS shall apply a 3-stage approach to measure allowance for credit losses. Financial assets migrate through the three stages based on the change in credit risk since initial recognition.
 - Under **Stage 1**, where there has not been a significant increase in credit risk since initial recognition, an amount equal to 12 months ECL will be recorded.
 - Under **Stage 2**, where there has been a significant increase in credit risk since initial recognition but the financial instruments are not considered as credit impaired, an amount equal to the default probability-weighted lifetime ECL will be recorded,
 - Under **Stage 3**, there is objective evidence of impairment at the reporting date these financial instruments are classified as credit impaired and an amount equal to the lifetime ECL will be recorded for the financial assets.
- The ECL model shall be forward-looking and requires the use of reasonable and supportable forecasts of future economic conditions in the determination of significant increases in credit risk and measurement of ECL.

 جامعة الشارقة UNIVERSITY OF SHARJAH	Policy Main Title	Fiscal Resources and Procurement	Effective Date	1/10/2021
	Policy Subject	Accounting and Auditing	Last Review date	25/12/2025
	Policy Number	FRP-06	Next Review date	10/03/2028
	Responsible Entity	Finance Department	Approved By	VCFAA

- When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, UOS shall consider reasonable, reliable and supportable information that is relevant and available. This includes both quantitative and qualitative information and analysis, based on UOS's historical experience and informed credit assessment and including forward-looking information

Credit-impaired financial assets

- At each reporting date, UOS shall assess whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Derecognition of Financial assets

- UOS shall derecognize a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which UOS neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.
- UOS enters into transactions whereby it transfers assets recognized in its consolidated statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Derecognition of Financial Liabilities

- UOS shall derecognize a financial liability when:
 - its contractual obligations are discharged, cancelled or expired; or
 - its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.
- On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the statement of income and expenditures

Revenue Recognition

- UOS shall recognise revenue from sale of services based on a five-step model as set out in IFRS 15:
 - Step 1 - Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
 - Step 2 – Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer services to the customer.

 جامعة الشارقة UNIVERSITY OF SHARJAH	Policy Main Title	Fiscal Resources and Procurement	Effective Date	1/10/2021
	Policy Subject	Accounting and Auditing	Last Review date	25/12/2025
	Policy Number	FRP-06	Next Review date	10/03/2028
	Responsible Entity	Finance Department	Approved By	VCFAA

- Step 3 - Determine the transaction price: The transaction price is the amount of consideration to which UOS expects to be entitled in exchange for transferring promised services to a customer, excluding amounts collected on behalf of third parties.
- Step 4 - Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, UOS shall allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which UOS expects to be entitled in exchange for satisfying each performance obligation.
- Step 5 – Recognize revenue when (or as) UOS satisfies a performance obligation.
- UOS satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:
 - The customer simultaneously receives and consumes the benefits provided by UOS's performance as UOS performs; or
 - UOS's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
 - UOS's performance does not create an asset with an alternative use to UOS and UOS has an enforceable right to payment for performance completed to date.
- For performance obligations where one of the above conditions are not met, revenue is recognized at the point in time at which the performance obligation is satisfied, on the basis of UOS's efforts or inputs to the satisfaction of the performance obligations.
- When UOS satisfies a performance obligation by delivering the promised goods and services, it shall create a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognized, this shall give rise to a contract liability

Property and equipment

- In adherence to IAS 16, Property and equipment shall be stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. The cost of property and equipment is its purchase cost together with any incidental costs of acquisition.
- Subsequent costs shall be included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to UOS and the cost of the item can be measured reliably.
- All other repairs and maintenance costs shall be charged to the consolidated statement of profit or loss during the financial year in which they are incurred
- Land shall not be depreciated. Depreciation on other assets shall be calculated using the straight-line method, at rates calculated to reduce the cost of assets to their estimated residual value over their expected useful lives.

 جامعة الشارقة UNIVERSITY OF SHARJAH	Policy Main Title	Fiscal Resources and Procurement	Effective Date	1/10/2021
	Policy Subject	Accounting and Auditing	Last Review date	25/12/2025
	Policy Number	FRP-06	Next Review date	10/03/2028
	Responsible Entity	Finance Department	Approved By	VCFAA

Impairment of non-financial assets

- At each reporting date, UOS reviews the carrying amounts of its non-financial assets, other than investment property, to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.
- For impairment testing, assets are grouped together into the cash generating unit (CGU) i.e. the smallest group of assets that generates cash inflows from continuing use, that are largely independent of the cash inflows of other assets or CGUs.
- The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.
- An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses, if any, are recognized in consolidated profit or loss.

Borrowings costs

- General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in profit or loss in the period in which they are incurred

Investment properties

- Investment properties are initially measured at cost, including related transaction costs. Subsequent to initial recognition, investment properties are accounted for using the fair value model under IAS 40 "Investment Property".
- Land and buildings owned by UOS for the purposes of generating rental income or capital appreciation or both are classified as investment properties. Properties that are being constructed or developed for future use as investment properties are also classified as investment properties.
- When UOS begins to redevelop an existing investment property for continued future use as an investment property, the property remains as an investment property, which is measured based on the fair value model and is not reclassified as development property during the redevelopment.

Employee benefits

End-of-service benefits to non-UAE nationals

- The provision for staff terminal benefits shall be based on the liability that would arise if the employment of all staff were terminated at the reporting date and is calculated in accordance with the provisions of University By-laws and the relevant local laws applicable to overseas

 جامعة الشارقة UNIVERSITY OF SHARJAH	Policy Main Title	Fiscal Resources and Procurement	Effective Date	1/10/2021
	Policy Subject	Accounting and Auditing	Last Review date	25/12/2025
	Policy Number	FRP-06	Next Review date	10/03/2028
	Responsible Entity	Finance Department	Approved By	VCFAA

subsidiaries. Management considers these as long-term obligations and accordingly they are classified as long-term liabilities.

Pension and social security policy within the U.A.E

- UOS applies the pension scheme operated by the Federal Pension General and Social Security Authority. Contributions for eligible UAE National employees shall be made and charged to the consolidated statement of Income and Expenditure, in accordance with the provisions of Law No. 5 of 2018 Concerning Social Security in the Emirate of Sharjah.

Advances from customers

- Instalments received from buyers, for properties rented out or services performed, prior to meeting the revenue recognition criteria, shall be recognized as advances from customers.
- If their settlement, through revenue recognition or refund, is expected in one year or less, they shall be classified as current liabilities. If not, they shall be presented as non-current liabilities

Measurement of fair values

- When measuring the fair value of an asset or a liability, UOS shall utilize market observable data as far as possible.
- Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:
 - Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
 - Level 2: inputs other than quoted prices included in Level I that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
 - Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).
- The inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.
- UOS shall recognize transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Accounting estimates and judgments

- The following accounting estimates and judgments shall be reviewed by UOS on an annual basis:
 - Impairment losses on trade and other receivables;
 - Impairment losses on dues from a related party;
 - Estimated useful life and the residual value of property and equipment;
 - Impairment of proper equipment and investment properties; and
 - Fair value of Assets and Liabilities (as required)