

Fixed Asset Policy

Introduction

The Trust is required to establish systems of control to ensure that assets and resources used by the individual Academies are recorded and adequately safeguarded against loss or theft. Records of some assets and stocks must be kept for accounting purposes but the systems of control should extend to other assets particularly if they are attractive and portable items. This policy will also discuss the procedures for dealing with obsolete equipment. The aims of the policy can be summarised as follows:

- ♥ To provide the means for the disposal of redundant or surplus assets
- ♥ To achieve the best possible outcome for the Trust by gaining the best available net return when selling and to ensure the Trust is even-handed, open and honest in all dealings
- ♥ To ensure that a best value outcome to the Trust is a major consideration when disposing of assets
- ♥ Asset disposal decisions, and the reasons for taking them, must be documented. Not only does this assist in audit and other examinations, but it highlights successes and problems for future reference
- ♥ Non-disposal of obsolete equipment only takes up space, potentially incurs on-going maintenance costs and deprives the Trust of income without any offsetting benefit. The Trust should therefore dispose of such equipment in line with the processes set out below
- ♥ To consider the identification of any risks and areas most susceptible to fraud

Systems of control

The system of control for assets incorporates the following features

Capital Asset definition

Capital assets are defined as tangible and intangible assets that have initial useful lives that extend beyond a single reporting period.

Capitalisation method

All capital assets are recorded at historical cost as of the date acquired or constructed. If historical cost information is not available, assets are recorded at estimated historical cost by calculating current replacement cost and deflating the cost using the appropriate price-level index.

Capitalisation Thresholds

The Trust has established the following minimum capitalisation thresholds for capitalising fixed assets:

- Land, buildings and improvements £50,000
- Machinery/equipment/vehicles/ICT £2,500

Where items purchased are singularly <£2,500 but if combined are >£2,500 then these should be capitalised for example this could include 30 classroom computers or 10 IPADs

Other Assets

Detailed records are maintained for all items below the capitalisation thresholds that should be safeguarded from loss. These items are part of the annual physical inventory discussed below. These items include computer equipment that falls below the established thresholds and any other assets specified by the Headteacher/Head of School.

Procedure:

Purchase of Assets

All fixed assets purchased with a value over £100 must be entered into the asset register.

Approval for purchase of assets must follow the Trust's purchasing policies.

The asset register will include the source of funds for the asset.

The asset register will detail the following:

- asset description
- asset number
- serial number
- date of acquisition
- asset cost
- source of funding (% of original cost funded from DFE grant and % funded from other sources)
- expected useful economic life
- depreciation
- current book value
- location
- name of member of staff responsible for the asset

Gifts of Assets

All fixed assets given to the Trust are recorded in the accounts as income in the period in which the fixed asset was given. The value placed on gifts in kind should be either a reasonable estimate of their gross value or the amount actually realised. The key test is what the Trust would have been prepared to pay to purchase the asset.

Gifted assets are treated and recorded in the asset register in the same way as purchased assets.

Security of Assets

All fixed assets recorded in the register are permanently marked as "Property of [individual academy], as far as this is practical. The asset register is to be kept up to date and reviewed regularly. Items used by the individual Academies but not owned by them should be recorded as such. Physical counts against the register are undertaken annually at or about June 30th. This count is to be performed by someone other than the person responsible for the asset register. Differences between counts and the register are investigated promptly and significant differences are reported to the Board of Trustees. Stores and equipment are secured by means of physical and other security devices. Only authorised personnel may access secure storage areas.

Capitalisation of Assets

Capitalised items should be transferred to a capital code in the balance sheet each month with a corresponding entry for depreciation to expenditure by the Principal Finance Officer. This should then be reconciled to the fixed asset register yearly.

Depreciation of Assets

All fixed assets will be depreciated using a straight line method of depreciation at the following rates

- Long Leasehold Land & Building Over the remaining lease term
- Fixtures & Fittings 20% straight Line
- Motor Vehicles 33% Straight Line
- ICT Equipment 33% Straight Line

Disposal of Assets

Assets may be available for disposal for a number of reasons, e.g.

-  Beyond repair
-  No longer required due to changed procedures or functions
-  Not capable of running required software

All requests for disposal must be submitted to the Principal Finance Officer and then approved by the Finance Committee.

The best possible value must be obtained in the disposal of assets.

Acceptable methods of disposal are:

Private Sale

To ensure a fair price is received, a market valuation should be obtained. The sale should be publicised appropriately, via advertising or e-mailing and could be sold to the first person to make an offer or via sealed bids, as appropriate.

-  Donation to an appropriate organisation

All donations must be approved by the Board of Directors

-  Recycled or Destroyed

Items with no market value or no use to another organisation should be appropriately and safely destroyed. The asset disposal should be approved by the Principal/Head of School

General disposal procedures

-  Identify asset for disposal
-  Determine market value
-  Principal approve disposal
-  Select the best disposal method
-  Record disposal in the asset register

Sale or donation of ICT equipment - specifics

-  All hard disc contents should be erased and re-installed
-  The recipient of the equipment should be advised in writing that The Trust will not be liable for any Health and Safety issues surrounding the use of the equipment

Disposal Limits

The Secretary of State's consent is obtained before the disposal of any asset for which grant of over £20,000 was made, or where land or buildings has been transferred from the LA at no cost to the Academy.

If within any one fiscal year (Sept-Aug) the Academy disposes of items which collectively originally attracted grant of more than £20,000 then the DfE should be informed.

Disposal authorisation should include justification that the asset has become obsolete to the Academy. Assets judged to be obsolete should be destroyed or sold for maximum value.

Funds gained as proceeds from the sale of fixed assets should be maximised. If the sale proceeds are not reinvested, the Academy must repay to the Secretary of State the same proportion of the proceeds as equates to the proportion paid for the acquisition of the fixed asset. The proceeds from the sale of the assets acquired with grant from the Secretary of State cannot be used as the Academy's contribution to further grant aided projects or purchases.

Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence the Trust obtained value for money in any sale or scrapping of equipment. In addition, there are complications with the disposal of computer equipment, as the Trust would need to ensure licences for software programmes have been legally transferred to a new owner.

Disposal of land must be agreed in advance with the Secretary of State

Loan of Assets

Trust property must not be removed from Academy premises without the authority of the Principal/Head of School. A record of the loan must be recorded in a loan book and booked back to the Academy when it is returned.

If assets are on loan for extended period or to single member of staff on a regular basis, the situation may give rise to a "benefit-in-kind" for taxation purposes. Loans should therefore be kept under review and any potential benefits discussed with the Academy's auditors.

Responsibility

Overall responsibility for the asset register is owned by the CEO/COO who will make any decisions related to accounting for and disposing of assets subject to approval by the trustees, as necessary.