



## **Fixed Asset and Depreciation Policy**

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# INSPIRE MULTI ACADEMY TRUST

## FIXED ASSET AND DEPRECIATION POLICY

### **INTRODUCTION**

The purpose of this Fixed Asset and Depreciation Policy is to ensure that each Academy's balance sheet correctly reflects the assets and liabilities within the Trust. The policy defines the treatment of Current, Non-Current, Tangible and Intangible Fixed Assets.

A Fixed Asset Register is maintained and reconciled to the financial statements of each Academy within the Trust. The policy is written in accordance with Accounting Standard FRS 102 Tangible Fixed Assets.

The policy will be reviewed by Trustees annually.

### **FIXED ASSET REGISTER**

The Fixed Asset Register consists of a list of items (or specific group of items purchased within the accounting period) valued over £1,000 that are considered to have a life longer than the financial year in which they were purchased.

Capitalised assets are not necessarily bought on one order; so long as a group of items is purchased within the same accounting period they will be capitalised.

Fixed Assets are categorised as follows:

- Land and Buildings
- Equipment
- Furniture and Fittings
- Computer Equipment (Hardware and Software)
- Assets under construction

Assets excluded from the Fixed Asset Register are Current Assets and Stock. Current Assets include cash and bank balances which are controlled through reconciliation to control accounts on a regular basis.

The appropriate accounting transactions are processed for all capitalised assets and recorded on the Fixed Asset Register. Transactions will be recorded within the Fixed Asset Fund account in addition to the transaction to the Balance Sheet.

All items that have been included on the Fixed Asset Register must be security marked, where practicable, as the property of the Trust and have an asset number.

Physical counts are undertaken against the Fixed Asset Register annually for furniture and equipment and termly for ICT Equipment with the evidence presented to the Executive Bursar following review by the School Business Manager.

Discrepancies between the physical count and the registers are investigated promptly by the School Business Manager. Any discrepancies over the value of £500 are reported to the Headteacher and Executive Bursar.

All disposals of assets are recorded in the Fixed Asset Register and reported to the Finance and Staffing Committee.

All working papers for the purchase of Assets, including purchase orders, quotations, invoices etc. are kept for 7 years in line with the retention policy.

## **DEPRECIATION**

Non-Current Tangible Assets other than freehold land are depreciated at rates calculated to write off the cost of each asset on a straight line basis to reflect the recoverable amount in the financial statements, over the useful life of the asset.

The depreciation will be calculated on an annual basis for preparation of the year end accounts.

Groups of assets will use the same method of depreciation. There may very occasionally be an asset that does not completely fit into one of the categories below and the Finance and Staffing Committee will discuss these items on an individual basis.

ASSET GROUP	DEPRECIATION METHOD
Land	Not Depreciated
Freehold and Long Leasehold Buildings	2% (50 yrs) Straight line
Fixtures, fittings and Equipment	10% (10yrs) Straight line with nil residual value
ICT Equipment	25% (4 yrs) Straight line with nil residual value
Books	20% (5yrs) Straight line with nil residual value
Assets Under Construction	These are not depreciated until the asset is brought into use.

The expected useful life of all assets will be assessed prior to depreciation calculations and recorded in the Fixed Asset Register.

## **ASSET DISPOSAL PROCEDURE**

Where assets carry a monetary value, the best possible value will be obtained from the disposal of those assets. Assets disposed of above £500 up to a value of £1000 must be approved by the Head teacher, above £1000 up to the value of £5000 by the Chief Executive Headteacher and Executive Bursar and over £5000 by the Board of Trustees, supported by the Chief Executive Headteacher and Executive Bursar. A Disposal of Equipment form (Annex A) must be completed in all instances.

The Academy will take appropriate steps to ensure all ICT hardware is completely cleared of sensitive data and all electrical and electronic equipment is disposed of in line with the Waste Electrical and Electronic Equipment (WEEE) Directive.

Equipment will not normally be disposed of to staff as it is more difficult to provide evidence that the Academy obtained value for money in the sale or scrapping of the equipment. If computer equipment is disposed of, licences for software programmes must be legally transferred to the new owner. Pecuniary Interests must also be considered at all times.

Under the Funding Agreement the approval of the Secretary of State for Education is required before the sale, or disposal by other means, or reinvestment of proceeds from the disposal, of an asset (or specific group of assets) for which a Capital Grant in excess of £25,000 was originally paid.

The Academy Trust agrees to reinvest the proceeds from all asset sales for which Capital Grant was received and therefore every effort will be made to maximise the sale of such assets.

If such proceeds are not reinvested, the Academy will repay to the EFA the same proportion of the proceeds of the sale or disposal as equates to the proportion of the original cost met by the Secretary of State (i.e. if the Secretary of State purchased 50% of the original cost of the asset the Academy agrees to repay 50% of the proceeds.)

The proceeds from the sale of assets acquired with a grant from the Secretary of State cannot be used to contribute to further named grant-aided projects or purchases. All disposals of land must be approved in advance by the Secretary of State.



DISPOSAL OF ASSET FORM

Item Name or Type			
Item Description			
Reason for Disposal			
Broken <input type="checkbox"/>	Surplus to Requirements <input type="checkbox"/>	Irreparable <input type="checkbox"/>	Other (Please State) <input type="checkbox"/>
Residual Value			
There is no Residual Value <input type="checkbox"/>			
The Residual Value is £_____			
Agreed Action			
Disposal (broken or irreparable) <input type="checkbox"/> Disposal By: _____			
<b><i>In relation to computer equipment, all data and hardware must be completely cleared of sensitive data. In addition, the Waste Electrical &amp; Electronic Equipment (WEEE) directive has been complied with.</i></b>			
Sale (item has residual value) <input type="checkbox"/> Minimum Value sought: £_____			
<b><i>Where attempts to sell an item have been unsuccessful, permission to lower the asking price should be sought from the Executive Bursar. Permission to drop the asking price below the minimum value sought should be obtained from the Chief Executive Headteacher.</i></b>			
Authorisation			
Signed by the Chair of Finance and Staffing Committee:			
Date:			

OFFICE USE ONLY

Value obtained for item:	
Date item Sold:	
Date removed from Fixed Asset Register:	
Date Income paid in to Income Code:	