



# **Inspire Multi Academy Trust**

## **Fixed Asset and Depreciation Policy**

<b>Policy Reviewed :</b> <b>Adopted by Board of Trustees:</b>	<b>Spring 2025</b> <b>Autumn 2016</b>
<b>Review Frequency</b>	<b>Annual</b>
<b>Date of Next Review</b>	<b>Spring 2026</b>
<b>Responsible Officer</b>	<b>Executive Bursar</b>
<b>Signed on behalf of the Board of Trustees:</b>	<b>S Ruffell</b>

# **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.

## **DONATED FIXED ASSETS**

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

## **INTANGIBLE FIXED ASSETS**

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

- Software licences – over the useful life of the individual licence.

## **TANGIBLE FIXED ASSETS**

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life.

Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet.

## **FIXED ASSET REGISTER**

The Fixed Asset Register consists of a list of items (or specific group of items, or improvement projects to the fabric of the school buildings 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

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.

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.

School Business Managers undertake physical counts and update current asset records for furniture, equipment, attractive items and ICT Equipment which fall under the Fixed Asset Register de-minimus level. 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 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**

Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

- |                                    |           |
|------------------------------------|-----------|
| • Land                             | 125 years |
| • Freehold buildings               | 50 years  |
| • Long leasehold buildings         | 50 years  |
| • Fixtures, fittings and equipment | 10 years  |
| • ICT equipment                    | 4 years   |

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

The trust's land and buildings are occupied on a 125 year lease from the local authority. In the view of the trustees, the risks and rewards of occupying the site have been substantially transferred to the trust and therefore the land and buildings have been recognised as a donation on conversion and capitalised within the restricted fixed assets fund. The basis of valuation is disclosed within the fixed assets notes.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

The expected useful life of all assets will be assessed prior to depreciation calculations and recorded in the Fixed Asset Register. Assets that are considered to have nil financial value will be removed from the Fixed Asset Register.

## **ASSET DISPOSAL PROCEDURE**

Where assets carry a monetary value, disposal of the asset should be subject to achieving the best price that can be reasonably obtained and maintaining the principles of regularity, propriety and value for money. Assets disposed of up to £1,000 must be approved by the Head teacher, above £1,000 by the Chief Executive Headteacher and Executive Bursar and over £5,000 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.

Disposal of equipment to staff is not encouraged as it may be more difficult to prove that the Academy obtains value for money. 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, disposal 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 DfE 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 and acquiring of land or buildings 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:	
_____		_____	
<p><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></p>			
Sale (item has residual value) <input type="checkbox"/>		Minimum Value sought:	
£ _____		_____	
<p><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></p>			
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:	_____