



Interaction & Communication

— Academy Trust —

Fixed Asset & Depreciation Policy

Date Published	October 2017
Approved Date	December 2020
Review Cycle	3 Years
Review Date	Dec 2023

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1. Introduction

International Accounting Standard IAS 16 defines 'Fixed Assets as 'assets whose future economic benefit is probable to flow into the entity, whose cost can be measured reliably'.

The purpose of this Fixed Asset Policy is to ensure that the ICAT's balance sheet correctly reflects the assets and liabilities of the individual academies. The policy defines the treatment of Non-current, Current, Tangible and Intangible Fixed Assets. Procedures are attached as annexes to the Policy.

A Fixed Assets Register is maintained and reconciled to the financial statements of the Academy.

The Policy will be reviewed by the Resource, Audit and Risk committee.

2. Fixed Asset Register

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

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
- 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 Balance Sheet.

All items that have been included on the Fixed Asset Register are security

marked, where practicable, as the property of the Academy and have an asset number allocated.

Physical counts are undertaken against the Fixed Asset Register annually for Furniture and Equipment and termly for ICT equipment and the evidence presented to the Resource, Audit and Risk committee.

This report will include any discrepancies between the physical count and the registers.

Discrepancies between the physical count and the registers are investigated promptly by the School Business Manager.

All disposals of assets are recorded in the Fixed Assets Register and the appropriate transactions recorded through the financial statements. All working papers for the purchase of new Assets, including invoices, are kept electronically on PS Financials.

3. Depreciation

Non-current Assets are to be depreciated to reflect the recoverable amount in 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 Resource, Audit and Risk committee will discuss these items on an individual basis, i.e. Server, Sensory Pod & Cube Room.

ASSET GROUP DEPRECIATION METHOD

- Buildings & Building Modifications 2% over 50 years (Straight line)
- Plant and Machinery 10% over 10 years (Straight line nil residual)
- Minibus 15% pa (reducing balance)
- Furniture and Equipment 10% over 10 years (Straight line nil residual)
- Computer Equipment/Software 20% over 5 years (Straight line nil residual)

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

Appendix A

Asset Disposal Procedure

1. The best possible value will be obtained from the disposal of assets. Assets disposed of with a carrying amount (=cost less accumulated depreciation) above £500 must be approved by the Finance Committee and a Disposal of Equipment Form completed.
2. Equipment is only disposed of to staff when this is judged, on a case-by-case basis, to be the best way of getting value for money for that equipment. The reasons for this will be recorded, so as 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.
3. Under the Academy Funding Agreement the approval of the Secretary of State 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 £20,000 was originally paid.
4. The Academy agrees to reinvest the proceeds from all asset sales for which Capital Grant was received and therefore every effort will be made to maximize the sale of such assets.
5. 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 (ie if the Secretary of State purchased 50% of the original cost of the asset the Academy agrees to repay 50% of the proceeds).
6. 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.

Disposal of Equipment Form

The Finance Committee confirm their agreement to the disposal of: -
The reason for disposal is that the item is broken / surplus to requirements /
irreparable

(delete as appropriate).

There is / is not a residual value of the item.

Action to be taken _____ (i.e. disposal / sale) by _____ (name)

I confirm:

That all obsolete stocks of this item have been destroyed to ensure they are
not illegitimately procured and then resold.

That all data and hardware has been completely cleared of sensitive data

That the Waste Electrical & Electronic Equipment (WEEE) has been
complied with.

Signed: _____ (name) Date: _____

Designation: _____

Appendix B

Checklist for Purchasing Procedure and Capitalisation

1. Is the Asset purchased above the capitalisation value approved?
2. If NO: normal purchase procedure is followed to record the transaction.
3. If Yes: process journal entries to record the capitalisation transaction on the Balance Sheet.
4. Sheet.
5. Check the Fixed Asset Policy for the depreciation method.
6. Establish with the Finance Office the expected useful life of the asset and any residual value.
7. Record the Asset on the Fixed Assets Register.
8. Fixed Asset Register is to include:
 - Type and description of Asset
 - Cost of Asset
 - Budget holder for Asset
 - Amount and date of any grant received
 - Proportion of grant used to finance the acquisition
 - Expected useful life of the asset
 - Date of disposal or change of use
 - Proceeds of disposal
 - Amount returned to SOS on disposal/change of use
 - Date of receipt of disposal proceeds or date of an approval to change the use
 - Security mark the asset as soon as practical.
9. Mark the asset with a permanently legible asset number, for the purpose of undertaking a physical count.