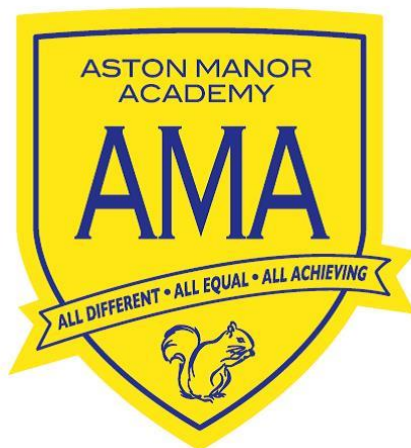


EQUITAS ACADEMIES TRUST



FIXED ASSET & DEPRECIATION POLICY

Review Date: September 2017
To be Reviewed: September 2019
Agreed: F & GP Board
Policy Lead: Marion Lower & Pravina Patel

FIXED ASSET & DEPRECIATION POLICY

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 each Academy’s balance sheet correctly reflects the assets and liabilities of the Trust.

The policy defines the treatment of Non-Current, Current, Tangible and Intangible Fixed Assets. Procedures are attached as annexes to the policy.

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

The policy is written in accordance with Accounting Standard FRS15 Tangible Fixed Assets.

The policy will be reviewed by the Finance and General Purposes Committee annually.

2. 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
- 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 are security marked, where practicable, as the property of the Trust and have an asset number and barcode.

Physical counts are undertaken against the Fixed Asset Register annually for ICT Equipment and any valuable items and the evidence is presented to the Finance and General Purposes Committee.

Discrepancies between the physical count and the registers are investigated promptly by the Business Manager. Any discrepancies over the value of £500 are reported to the Finance and General Purposes committee.

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

All working papers for the purchase of Assets, including invoices, are kept for 7 years.

Attractive and Portable Items of equipment that fall below the capitalisation limit of £1,000 and over £50.00 are recorded on the Desirable Items Inventory (e.g. single digital camera purchased for £250). Asset control is as for the assets held on the Fixed Asset Register.

3. DEPRECIATION

Non-Current Assets are to be depreciated 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 General Purposes Committee will discuss these items on an individual basis.

ASSET GROUP	DEPRECIATION METHOD
Long leasehold property	2% (50 yrs) Straight line
Buildings and Building modifications	2% (50 yrs) Straight line
Plant and Machinery	10% (10 yrs) Straight line with nil residual value
Furniture and Equipment	10% (10yrs) Straight line with nil residual value
Computer Equipment and Software	33% (3 yrs) 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.

A monthly reconciliation will be completed between the independent Fixed Asset Register and the carrying balances.

Date of next review: July 2019

Appendix A to Fixed Asset Policy

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 and General Purposes Committee and a Disposal of Equipment form (see over) completed.
2. Equipment is not normally disposed of to staff because it is 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.
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 maximise the sale of such assets.
5. 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.)
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

The Finance and General Purposes 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) directive has been complied with.

Signed: (name) Date:

Designation

Finance Office use only -

Value obtained for item	£ (cash/cheque)	Carrying amount	£
Cost centre code		Grant received for original purchase	Y/N
Ledger code		Reinvested Grant	Y/N
Fund		Repayment to Secretary of State	Y/N
Original cost		Value Repaid	£
Accumulated Depreciation		Removed from Fixed Asset Register	Y/N

Signed by Vice Chair of the Trust Board: _____

Date: _____